



# भारत का राजपत्र

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No. 47]

NEW DELHI, SATURDAY, NOVEMBER 20, 1965 (KARTIKA 29, 1887)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके  
Separate paging is given to this Part in order that it may be filed as a separate compilation

## भाग III—खण्ड 4

## PART III—SECTION 4

विभिन्न निकायों द्वारा जारी की गई विविध अधिसूचनाएं जिसमें अधिसूचनाएं, आदेश, विज्ञापन और सूचनाएं सम्मिलित हैं।

### Miscellaneous Notifications including Notifications, Orders, Advertisements and Notices issued by Statutory Bodies

## RESERVE BANK OF INDIA

## Department of Banking Operations &amp; Development

Bombay-1, the 12th November 1965

DBOD. No. 33/C.404-65—In pursuance of sub-section (2) of Section 36A of the Banking Companies Act, 1949, the Reserve Bank of India hereby notifies that the Kishanganj Bank Ltd., Kishanganj, has ceased to be a banking company within the meaning of the said Act.

The 16th November 1965

DBOD. No. 34/C.404-65—In pursuance of sub-section (2) of Section 36A of the Banking Companies Act, 1949, the Reserve Bank of India hereby notifies that the Pathinen Grama Arya Vysya Bank Ltd., Kombai, has ceased to be a banking company within the meaning of the said Act.

D. R. JOSHI  
Executive Director

of India, in consultation with the Reserve Bank of India, hereby nominates Lt. Col. Goda Varma Raja of Trivandrum as a Director of the State Bank of Travancore with immediate effect.

V. T. DEHEJIA  
Chairman

## NOTICE

Bombay, the 4th November 1965

No. INSP/24709—The following appointment on the Bank's staff is hereby notified :—

Shri H. C. Bhambhani to officiate as an Assistant Inspector on the Central Office staff as from the 1st November 1965.

N. RAMANAND RAO  
Managing Director

## STATE BANK OF INDIA

Bombay, the 3rd November 1965

## NOTICE

No. ADM/24592—Notice is hereby given that the Principal Register and the Branch Registers of the State Bank of India will be closed for transfer of shares from Thursday, the 16th December 1965 to Friday, the 31st December 1965, both days inclusive.

R. N. CHETTUR  
Managing Director

Bombay, the 3rd November 1965

SBS. No. 6/1965—It is hereby notified for general information that Shri R. P. Goyal, an Officer of the State Bank of India, appointed as a Director under clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959) will cease to be a Director of the State Bank of Patiala with immediate effect.

In pursuance of clause (c) of sub-section (1) of Section 25 of the Act (*ibid*), the State Bank of India, in consultation with the Reserve Bank of India, has nominated Raja Bhalindra Singhji of Patiala as a Director of the State Bank of Patiala with immediate effect in place of Shri R. P. Goyal.

SBS. No. 7/1965—It is hereby notified for general information that in pursuance of clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959), the State Bank 339G1/65

## INDUSTRIAL DEVELOPMENT BANK OF INDIA

Bombay, the 8th November 1965

No. 3437/OP.7(M)-65/66—In pursuance of Rule 4 of the Industrial Finance Corporation Rules, 1965, the Industrial Development Bank of India hereby notifies that the Corporation has, with the prior approval of the Development Bank, fixed, with effect from the 15th November 1965, the rate of interest to be charged by the Corporation on the sub-loans in United States Dollars and French Francs granted or to be granted by it out of the Loans/Credits sanctioned by the Agency for International Development of the U.S.A. and the Banque Francaise du Commerce Extérieur of France at 9% (nine per cent) per annum, subject to the grant of a rebate of interest at the rate of  $\frac{1}{2}$ % (one half of one per cent) per annum for punctual repayment of principal and payment of interest (that is to say, net 8 $\frac{1}{2}$ % per annum).

P. K. DASGUPTA  
Deputy General Manager

## DENTAL COUNCIL OF INDIA

New Delhi-1, the 10th November 1965

No. DCI-G-32-65/4909—In pursuance of sub-section (2) of Section 10 of the Dentists Act, 1948 (XVI of 1948), the Dental Council of India hereby recognise the B.D.S. degree of the Indore University, Indore.

S. BRATT, LDSc., MCD  
Secretary  
Dental Council of India

# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

New Delhi-1, the 6th November 1965

No. 1-CA(7)/65—In exercise of the powers conferred by clause (ii) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India specifies that a member of the Institute who is an employee shall be deemed to be guilty of professional misconduct if he is wilfully and grossly negligent in the conduct of his duties as such employee.

C. BALAKRISHNAN  
Secretary

## EMPLOYEES' STATE INSURANCE CORPORATION

New Delhi, the 12th November 1965

No. 3(2)-1/63-Estt.III—In pursuance of Section 25 of the Employees' State Insurance Act, 1948 (34 of 1948) read with Regulation 10 of the Employees' State Insurance (General) Regulations, 1950, the Chairman, Employees' State Insurance Corporation is pleased to give additional representation under the proviso to sub-regulation (1) of Regulation 10 of the said Regulations, to the representatives of the employers and employees on the Regional Board for Uttar Pradesh and makes the following amendment in the Corporation's Notification No. 3(2)-1/63-Estt.II, dated the 20th January 1965, namely :—

In the said Notification, after the existing entries the following entries shall be added namely :—

"11. Shri B. S. Agarwal, Kamla Tower, Kanpur—Additional representative of employers nominated by the Chairman.

12. Shri Atma Parkash Gupta, Director, The Cawnpore Chemical Works, Private Ltd., Anwarganj, Kanpur—Additional representative of employers nominated by the Chairman.

13. Shri M. N. Chaturvedi, 2/1, Bakermundi, Labour Quarters, Kanpur—Additional representative of employees nominated by the Chairman.

14. Shri Ram Asrey, C/o Shri K. G. Srivastva, 4/5823, Dev Nagar, New Delhi-5—Additional representative of employees nominated by the Chairman."

### Department of Social Security

The 7th November 1965

No. INS.I.22(1)-2/65(6)—In pursuance of the powers conferred by Section 46(2) of the Employees' State Insurance Act, 1948 (34 of 1948), read with Regulation 95-A of the Employees' State Insurance (General) Regulations, 1950, I hereby notify the 14th November 1965 as the date from which the medical benefit as laid down in the said Regulation 95-A and the Bombay Employees' State Insurance (Medical Benefit) Rules, 1954, shall be extended to the families of the insured persons in the following areas of Maharashtra, namely :—

I. The limits of the Poona Municipal Corporation;

II. The limits of the Poona Cantonment Board;

III. The limits of the Kirkee Cantonment Board;

IV. Extended limits of Poona Municipal Corporation comprising the revenue villages of :—

- (a) Dhanori;
- (b) Lohagaon;
- (c) Vadagaon;
- (d) Sheri;
- (e) Hadapsar;
- (f) Kondhwa Khurd;
- (g) Dhankwadi;
- (h) Hingne Budruk;

- (i) Kothrud Dapodi;
- (j) Pashan;
- (k) Kalas;
- (l) Katraj.

V. The revenue villages of Chinchwad, Pimpri Wagheri, Loni Kalbhor and Bhosari.

No. INS.I.22(1)-2/65(7)—In pursuance of the powers conferred by Section 46(2) of the Employees' State Insurance Act, 1948 (34 of 1948), read with Regulation 95-A of the Employees' State Insurance (General) Regulations, 1950, I hereby notify 14th November 1965 as the date from which the medical benefit as laid down in the said Regulation 95-A and the Rajasthan Employees' State Insurance (Medical Benefit) Rules, 1955, shall be extended to the families of insured persons in the following areas of the State of Rajasthan :—

Areas within the Municipal limits of Kota, Tehsil Ladpura, District Kota.

V. N. RAJAN  
Director General

Bombay, the 22nd October 1965

No. B/EST-18(28)/65—It is hereby notified that a Local Committee consisting of the following members has been set up for Andheri (Bombay) area (Maharashtra Region), under Regulation 10-A of the E.S.I. (General) Regulations, 1950, with effect from the date of Notification :—

### Chairman

#### Under Regulation 10-A-1(a)

1. Assistant Commissioner of Labour, Bombay, (Shri T. R. Bhagwat),  
Office of the Commissioner of Labour,  
Framji Cawasji Institute Building,  
Dhobi Talao, Bombay-2.

### Members

#### Under Regulation 10-A-1(b)

2. Shri M. R. Bakre, Superintendent,  
Urban Development & Public Health Department,  
Sachivalaya, Bombay-32.

#### Under Regulation 10-A-1(c)

3. Administrative Medical Officer. *Ex-officio.*  
Employees' State Insurance Scheme,  
103, Sion (East), Bombay-22.

#### Under Regulation 10-A-1(d)

4. Shri S. K. Oza, Golden Chemicals Pvt. Ltd.,  
Tobacco House, Ghodbunder Road,  
Vile Parle, Bombay-57.
5. Shri A. K. Bhimani,  
Vertex Mfg. Co. Ltd.,  
222, Sir Mathuradas Visanji Road,  
Andheri (East), Bombay-69.

#### Under Regulation 10-A-1(e)

6. Shri Harihar Sharma, Asstt. Secretary,  
Bombay Labour Union (Andheri Office),  
Thankar Building, Near Post Office,  
Ghodbunder Road, Andheri, Bombay-58.
7. Shri Manohar B. Bandivdekar,  
General Secretary, Rashtriya Kamgar Sanghatana,  
1st Floor, Laxmi Building, Near Kohinoor Cinema,  
Ranade Road, Dadar, Bombay-28.

#### Under Regulation 10-A-1(f)

8. Manager, Local Office, Andheri, *Secretary,*  
Employees' State Insurance Corporation,  
Dr. Mankodi's Building, Telli Galli,  
Kurla Road, Andheri, Bombay-41.

By Order

R. K. AGRAWAL  
Regional Director

## THE INDUSTRIAL DEVELOPMENT BANK OF INDIA

## Report of the Board of Directors for the year 1964-65

Report of the Board of Directors for the year ended June 30, 1965, submitted to the Reserve Bank of India in terms of Section 23(5), and to the Central Government and the Reserve Bank of India in terms of Section 18(5) of the Industrial Development Bank of India Act, 1964.

August 1965

As on June 30, 1965

## BOARD OF DIRECTORS

Shri P. C. Bhattacharyya (Chairman)

Dr. B. K. Madan (Vice-Chairman)

Shri C. S. Divekar

Shri M. R. Bhide

Shri B. N. Adarkar

Shri R. G. Saraiya

Shri B. N. Mookerjee

Raja Bajrang Bahadur Singh

Shri V. S. Tyagaraja Mudaliar

Prof. C. N. Vakil

Shri N. A. Palkhivala

Shri P. L. Tandon

Shri Arvind N. Mafatlal

Shri G. Basu

Dr. Triguna Sen

Shri C. P. N. Singh

Prof. M. Mujeeb

Shri K. Sreenivasan

Shri M. Sudarsanam

Shri S. Bhoothalingam, I.C.S.

## PRINCIPAL OFFICERS

General Manager : Shri K. C. Mitra

Economic Adviser and Deputy General Manager :  
Shri S. L. N. Simha

Deputy General Manager : Shri P. K. Dasgupta

Managers :

Operations : Shri B. N. Malhotra

Economic & Planning : Dr. A. K. Banerji

Appraisal : Shri D. Sharma

Refinance : Shri N. K. Seal

Special Technical Consultant : Shri C. R. Rao

Legal Adviser : Shri B. N. Mehta

## LETTER OF TRANSMITTAL

Industrial Development  
Bank of India  
Bombay.

September 14, 1965  
Bhadra 23, 1887 (Saka)

The Governor,  
Reserve Bank of India,  
Central Office,  
Bombay.

Dear Sir,

In accordance with the provisions of Sections 23(5) and 18(5) of the Industrial Development Bank of India Act, 1964, I forward herewith the following documents :—

- (1) A copy each of the Annual Accounts of the General Fund and the Development Assistance Fund of the Industrial Development Bank of India for the year ended June 30, 1965; and
- (2) A copy of the Report of the Board on the working of the Development Bank, including that of the Development Assistance Fund during the year ended June 30, 1965.

Yours faithfully,  
B. K. MADAN  
Vice-Chairman

## LETTER OF TRANSMITTAL

Industrial Development  
Bank of India  
Bombay.

September 14, 1965  
Bhadra 23, 1887 (Saka)

The Secretary to the Government of India,  
Ministry of Finance,  
Department of Economic Affairs,  
New Delhi.

Dear Sir,

In accordance with the provisions of Section 18(5) of the Industrial Development Bank of India Act, 1964, I forward herewith the following documents :—

- (1) A copy of the Annual Accounts of the Development Assistance Fund for the year ended June 30, 1965; and
- (2) A copy of the Report on the working of the Development Assistance Fund, which forms part of the Report of the Board on the working of the Development Bank during the year ended June 30, 1965.

Yours faithfully,  
B. K. MADAN  
Vice-Chairman

## Report of the Board of Directors of the Industrial Development Bank of India

For the year July 1, 1964—June 30, 1965

## 1. Purposes, Constitution and Resources of the Bank

The Industrial Development Bank of India (IDBI) was established on July 1, 1964, in terms of the Industrial Development Bank of India Act, which was passed by Parliament in May 1964. This Report, which is submitted by the Bank under Sections 18(5) and 23(5) of the Act, covers the period July 1, 1964 to June 30, 1965. Since this is the first Report on the working of the IDBI, it may be useful to outline the objectives of establishing the Bank and the tasks which have been assigned to it.

## Objectives

2. The Industrial Development Bank was set up as part of a reorganised and integrated structure of industrial financing institutions in the country, geared to the needs of rapid industrialisation. The main object was to bring into existence an apex institution to co-ordinate the activities of other financial institutions, including banks, providing term-finance to industry as well as to provide direct financial assistance to industrial units to bridge the gap between the supply of and demand for medium and long-term finance. Although the assistance provided by the specialised industrial financing institutions set up in the country since Independence has shown a steady increase, their likely contribution in providing term-finance to industry was considered to be inadequate in relation to the substantial investment outlays envisaged in the current and succeeding Five-Year Plans, both in magnitude and range of financing. In view of the dimensions of the problem that rapid industrialisation poses, an apex institution, with substantial financial resources and considerable operational flexibility, was considered necessary.

3. The role of the IDBI has been conceived not merely as one of enlarging the usefulness of the existing financial institutions by supplementing their resources and widening the scope of their assistance for financing of industrial development and expansion. The Bank would also be a central agency, which ultimately will be concerned, directly or indirectly, with all problems relating to the medium and long-term financing of industry, ensuring not only the flow of funds to enterprises and projects which are in accord with the Plan priorities but also, if necessary, adopting and enforcing a system of priorities for promoting future industrial growth. The IDBI is also designed to

function as a developmental agency, with special responsibility to fill the gaps in the industrial structure and to develop certain vital and strategic sectors like fertilisers, alloy and special steels and petro-chemicals. The IDBI thus emerges, in perspective, as a pivotal financial institution which has been assigned an important role in the tasks of planned development in industry.

#### *IDBI—a subsidiary of the Reserve Bank*

4. The IDBI is a wholly-owned subsidiary of the Reserve Bank of India and the direction and management of its affairs are vested in a Board of Directors which is the same as the Central Board of Directors of the Reserve Bank. The Board has constituted an Executive Committee to discharge some of its functions. Several considerations have weighed with the Government in making the Development Bank a wholly-owned subsidiary of the Reserve Bank. The IDBI is, in a sense, a lender of the last resort for all periods other than the short-term and its role is in some respects akin to that of the Reserve Bank. Secondly, with the passage of time, the operations of the IDBI are likely to assume considerable dimensions and would need to be generally regulated within the framework of proper monetary management—a task which falls within the special sphere of responsibility of the Reserve Bank. Thirdly, for some years now, the Reserve Bank has steadily expanded its role in the field of industrial finance. It was, therefore, advantageous to have an institution legally separate from the Reserve Bank but closely associated with it to look after the corpus of activities relating to industrial finance.

#### *Functions*

5. The Act envisages a wide range of functions for the IDBI, combined with a considerable measure of operational flexibility. The Bank has been empowered to finance all types of industrial concerns engaged in the manufacture of or processing of goods, mining, transport, generation and distribution of power etc., both in the public and private sectors; for the present, however, the Bank proposes to restrict itself to the financing of largely private sector enterprises. There are no restrictions as regards the nature and type of security that may be accepted from industrial concerns. Nor are any maximum or minimum limits prescribed, either for assistance to a concern or for the size of the concern itself.

6. The operations of the IDBI, in terms of its statutory provisions, fall into two broad groups: (i) assistance to other financial institutions and (ii) direct assistance to industrial concerns, either on its own or in participation with other institutions. Assistance to other financial institutions covers such activities as refinancing of loans given by other institutions specified in the Act and those subsequently notified by the Central Government (the Industrial Credit and Investment Corporation of India Ltd. (ICICI) has so far been notified) and subscribing to their shares and bonds as well as guaranteeing their underwriting obligations in connection with the share and bond issues of industrial concerns. The IDBI can provide *refinance* in respect of term loans to industrial concerns given by the Industrial Finance Corporation of India (IFC), the State Financial Corporations (SFCs) including the Madras Industrial Investment Corporation Ltd. (MIIC), other financial institutions which may be notified by Government (the ICICI has been notified as indicated above) as well as scheduled banks and State co-operative banks. Loans to be eligible for *refinance* should be repayable between 3 and 25 years in the case of financial institutions mentioned above, and between 3 and 10 years in the case of scheduled and State co-operative banks. Besides, export credits granted by any of the above-mentioned institutions for periods between 6 months and 10 years are eligible for *refinance*. Thus, the IDBI has been empowered to provide *refinance* to a larger number of financial institutions and for longer periods than the Refinance Corporation for Industry Ltd. (RCI)—a Corporation which was established in June 1958 with the principal object of providing refinancing facilities to banks and other financial institutions against their medium-term loans to industrial concerns; besides, there

are no restrictions on making *refinance* available against loans in terms of size of concern or size of loan. As provided in the Act, the IDBI took over the business of the RCI on September 1, 1964\* and the schemes of refinancing industrial loans and export credits are now operated by it.

7. Direct financial assistance to industrial concerns by the IDBI may be in the form of granting loans and advances; subscribing to, purchasing or underwriting issues of stocks, shares, bonds or debentures; guaranteeing deferred payments due from industrial concerns to third parties and loans raised by them in the open market or from financial institutions referred to above. The IDBI may also accept, discount or rediscount commercial bills or promissory notes of industrial concerns. In providing direct assistance to industrial concerns, the IDBI attempts to secure the collaboration of other institutions and to fill the gaps that remain after taking into consideration the assistance available from other institutions.

8. In addition to the above, the IDBI may undertake promotional activities such as marketing and investment research and surveys as well as techno-economic studies, besides giving technical and administrative assistance to industrial enterprises for promotion, management or expansion. These activities will, however, take some time to develop, and the Bank's main preoccupation during its early phase will be to cope with the heavy demands on it for financial assistance.

#### *Resources*

9. The authorised capital of the Bank is Rs. 50 crores, which may be raised by the Reserve Bank to Rs. 100 crores, with Government approval. The issued capital of the Bank is Rs. 10 crores. This has been supplemented by an interest-free loan of Rs. 10 crores from the Central Government repayable in fifteen annual instalments after a period of fifteen years from drawal, or later if necessary at the request of the Bank. The Central Government may grant further loans to the Bank on such terms and conditions as may be agreed upon. The Bank may also raise resources by selling bonds, with or without Government guarantee and by accepting deposits from the public for periods of not less than 12 months, on terms approved by the Reserve Bank. The Bank may also borrow from the Reserve Bank for periods up to 90 days against trustee securities and up to 5 years on the security of *bona fide* commercial bills or promissory notes. Further, it may borrow on long-term from the National Industrial Credit (Long Term Operations) Fund, set up by the Reserve Bank, simultaneously with the establishment of the IDBI; to this Fund the Reserve Bank made an initial contribution of Rs. 10 crores and will make five further annual contributions of not less than Rs. 5 crores (or less if authorised by Government) commencing from 1964-65. The Reserve Bank may use this Fund to purchase bonds and debentures issued by the IDBI and to grant loans to the IDBI for acquiring shares, bonds or debentures of other specified financial institutions or for the purpose of any other business of the Development Bank. The IDBI may also acquire resources by borrowing from other sources with Government approval, including amounts in foreign currencies from institutions in foreign countries, and receive gifts, grants, donations, etc. from Government and other sources.

#### *Development Assistance Fund*

10. The IDBI Act also provides for the establishment of a special fund, namely, the Development Assistance Fund. This Fund, which was set up on March 27, 1965, is intended for use to assist, with the prior approval of the Central Government, such industrial concerns as, for various reasons, e.g., unusually heavy investment involved or low anticipated rate of return on capital or long gestation period, are not in a position to procure the requisite finance on commercial considerations from banks or other financial institutions but are nevertheless of such importance as to deserve special assistance. The resources of the Fund will primarily comprise contributions from the Central Government by way of loans, gifts, grants, donations, etc.

\*As certain legal formalities had to be completed, the Corporation was finally dissolved on July 26, 1965, in terms of a notification issued by the Central Government.

11. The IDBI commenced active operations from its inception, with the staff provided by the Reserve Bank in terms of Section 26(2) of the IDBI Act. Over the year, the Bank has evolved forms and procedures for the submission of applications for assistance and for their appraisal.

## II. The Operational Context : Capital Market

12. IDBI's first year of operations has coincided with a period of exceptional economic stress, balance of payments pressures and sluggish conditions in the capital market. The capital market has been in a state of quiescence for the last two years or so. This trend initially developed in the wake of the Emergency and the stringent budget for 1963-64 and has persisted since. In 1964-65 (July-June), except for a spell of recovery early in the year, the stock markets remained, on the whole, subdued, the all-India index of variable dividend industrial securities recording a decline, over the year, of 4.3 per cent to 156.9 (base 1952-53=100). This decline was due to the combined influence of monetary, fiscal and political factors. In the prevailing context and with small prospects of capital appreciation, the flow of investible funds to the capital market remained restricted, with investor confidence continuing to be at a low ebb.

13. Statistics of aggregate capital issues do not quite reflect the stalemate in the market for new issues, which is, however, indicated by changes in the composition of securities issued as well as the larger institutional support. Though there was a rise during 1964-65 (July-June) in both the number and amount of new issues, public response to the new issues was, by and large, unsatisfactory and industrial enterprises experienced great difficulty in raising the requisite resources, particularly in the form of risk capital, from the open market. Apart from the growing tendency on the part of entrepreneurs to raise capital in the form of debentures and preference shares, there was a marked increase in the dependence on term-financing institutions, including the LIC and the Unit Trust, particularly for underwriting of shares. In view of investors' poor response, the financial institutions also had to take up more substantial portions of the share issues, in fulfilment of their underwriting commitments.

14. It was against the above background that official measures to stimulate private investment activity and to improve the investment climate became necessary. The budget for 1964-65 laid stress on the need to provide stimulus for acceleration of economic growth. In particular, it sought through concessions and incentives to infuse confidence in the capital market, to promote the building up of internal reserves in industries, especially basic industries, and to encourage the flow of foreign equity capital and technical know-how into priority industries. In December 1964, the Government announced an incentive scheme for investments in equity shares of new industrial companies in the form of tax-free tax credit certificates equal to 5 per cent of such investments up to Rs. 15,000, 3 per cent for the next Rs. 10,000 and 2 per cent for the next Rs. 10,000. The tax credit certificates for a maximum amount of Rs. 1,250 on a total equity investment of Rs. 35,000 will be given to individuals and Hindu undivided families for a period of four years from the year of such investment. This scheme, which was intended to compensate the investors for the absence of any return on their investment in the initial years, was subsequently incorporated in the 1965-66 budget. The 1965-66 budget also provided for a number of other fiscal concessions and reliefs both to individuals and the corporate sector, with a view to stimulating investment in desired channels. Investments in equities of new industrial companies issued for the first time were exempted from the Wealth Tax for a period of five years. The development rebate in respect of new plant and machinery installed after March 31, 1965 in specified industries was enhanced from 20 per cent to 25 per cent. A scheme of tax credit certificates was announced in favour of manufacturers and exporters as a measure of incentive for encouraging higher production and exports. The budget also provided incentives for promotion of savings in the private sector through a reduction in personal income taxation and a moderate relief in corporate taxation.

15. In the context of the weak undertone of the capital market, the establishment of the Unit Trust of India on February 1, 1964 for channelling savings, especially of the middle and low income groups, for investment in stock market securities was a welcome development. The Trust, which began operations on July 1, 1964, has

invested a substantial part of its funds in shares and debentures, and also provided underwriting facilities for new issues of debentures and preference shares of existing companies by way of offering firm commitments to invest up to the amounts underwritten.

16. In addition to fiscal measures, the Government also attempted to streamline the licensing and other control procedures, with a view to speeding up the process of industrial growth. An important step taken by the Government in this direction related to the implementation of the recommendations of the Industries Development Procedures Committee. The main decisions of the Government on the Committee's recommendations covered the institution of procedures for the issue of Letters of Intent as a preliminary to the issue at a later stage of a regular industrial licence, the adoption of a simplified procedure in the setting up of 'key' industries, and licensing of import of raw materials and components. The simplified procedure for the establishment of 'key' industries provides for submission simultaneously of applications for industrial licence, import licence, approval of foreign collaboration terms and consent for capital issue and for simultaneous and speedy Government clearances subsequent to the issue of a Letter of Intent.

17. These measures have not had any significant impact on the climate for investment in the private sector and the general outlook remains, on the whole, obscure. In this connection, the imperative need to resuscitate the capital market and restore its normal working can hardly be overemphasized. For, the normal and continuous operation of an efficient capital market is essential not only for mobilizing individual savings for financing industrial growth, but also for enabling the financial institutions to discharge their functions and to play an effective role in the tasks of industrial development. It is important for this purpose that the funds of financial institutions do not remain tied up but are released in course of time for further investment in new projects to enable them to render assistance to as many industrial enterprises as possible. In the present context, there is also need to recognise the role which industrial entrepreneurs can play in reviving the capital market. Through sound financial methods and high managerial standards, the entrepreneurs should strive to inspire confidence among investors and raise resources from non-institutional investors to the maximum extent. The present economic phase of the country calls for maximum mobilisation of the resources of the private sector and discriminating support by public sector financial institutions of deserving projects.

## III. Operations of the Industrial Development Bank

18. We may now turn to a detailed review of IDBI's operations during the year ended June 1965, both as an apex financing institution supplementing the resources of other term-financing institutions and as a source of direct financial assistance to industrial concerns in various forms. Table 1 summarises the operations during the year.

TABLE 1—ASSISTANCE SANCTIONED AND DISBURSED BY THE IDBI  
(July 1964—June 1965)

	(In crores of rupees)	
	Assistance sanctioned	Assistance disbursed
1. Refinance .. .. .	25.13	21.17
2. Direct loans to industrial units ..	16.19	—
3. Underwriting of shares .. .. .	6.85	0.44
4. Subscriptions to shares and bonds of financial institutions* .. .. .	2.19	2.19
5. Rediscounting of bills .. .. .	7.95	0.09
	58.31	23.89
6. Guarantee for loans and deferred payments .. .. .	4.46	—
Total .. .. .	62.77	23.89

\*Excluding purchase of shares of the IFC.

### 1. Assistance to other Financial Institutions Refinance

19. As provided in Section 25 of the IDBI Act, the Bank took over the business of the Refinance Corporation for Industry Ltd. on September 1, 1964, under a notification issued by the Central Government, and paid to the RCI a sum of Rs. 2.50 crores, being the amount

equal to its paid-up capital, as compensation for distribution to its shareholders in proportion to their contribution to the paid-up capital. The RCI scheme for refinancing industrial loans was reviewed in the light of the provisions in the IDBI Act and a modified scheme was introduced in November 1964. The IDBI now operates all the three schemes which the RCI worked, *viz.*, (i) scheme for refinancing of industrial loans, (ii) scheme for refinancing of export credits and (iii) the Government of India's scheme for guarantee of advances made by specified financial institutions to the coal industry in the private sector. The main features and working of these schemes are set out below :

(i) *Scheme for refinancing of industrial loans*

20. The institutions eligible for refinance under the scheme at present include 59 scheduled banks, 6 State co-operative banks, 15 State Financial Corporations (including the Madras Industrial Investment Corporation Ltd.), the Industrial Finance Corporation of India and the Industrial Credit and Investment Corporation of India Ltd., which was notified by the Government as an eligible institution in October 1964 (*vide* Appendix I). The scheme provides for extension of refinance against term loans granted by these institutions to units in industries which are listed for development in the Five-Year Plans or which serve the purposes of the Plans. Under the RCI scheme, applications for refinance were entertained only in respect of loans made to industrial concerns whose paid-up capital and reserves did not exceed Rs. 2.50 crores except marginally. Under the revised scheme, although the restriction on the size of a concern is applicable in normal cases, applications in respect of concerns of a larger size are also eligible for refinance on merits. Normally, term loans to be eligible for refinance should be those granted for acquisition of fixed assets but may also include a portion of working capital, if such working capital is required on a term basis. The

minimum period of loans is 3 years; while the maximum period of loans in respect of scheduled and State co-operative banks is normally 7 years and in exceptional cases 10 years, in the case of term financing institutions it may be longer than 10 years. The minimum amount of loans that would normally be refinanced has been fixed under the present scheme at Rs. 5 lakhs. This limit may, however, be relaxed in the case of applications for additional finance in respect of projects already assisted under the scheme. Besides, the lower limit would be relaxed up to Rs. 1 lakh in the case of loans to small-scale industries covered under the Credit Guarantee Scheme. The maximum amount of loans to any one industrial concern in respect of which refinance would normally be available is Rs. 100 lakhs (outstanding) but applications for refinance in respect of loans for larger amounts may also be considered on merits.

21. Another important change made in November 1964 was the introduction of partial refinancing of industrial loans for achieving a wider dispersal of IDBI's assistance. The IDBI now provides refinance normally to the extent of 80 per cent (as against 100 per cent under the RCI scheme) of all eligible loans, although in exceptional cases of high priority industries this limit may be relaxed on merits.

22. The lending rate for refinance of industrial loans was 5½ per cent up to March 5, 1965, when it was raised to 6½ per cent following the raising of Bank Rate from 5 per cent to 6 per cent in February 1965. Besides, since December 21, 1964, a commitment charge of 1 per cent per annum is being levied on the amount of refinance remaining undrawn after a reasonable period, with a view to ensuring that refinance sanctioned to financial institutions was availed of expeditiously.

23. The Bank's operations during the year under the scheme for refinancing of industrial loans (*vide* Annexure I) are set out in Table 2.

TABLE 2—REFINANCING OF INDUSTRIAL LOANS

(Amounts in crores of rupees)

	1963-64 (July-June)		1964-65 (July-June)		Since inception of RCI in June 1958 up to June 30, 1965	
	No.	Amount	No.	Amount	No.	Amount
1. Applications received .. .. .	229	33.17	227	36.78	768	119.05
2. Applications sanctioned .. .. .	176	23.13	124	24.59	522	83.76
3. Refinance disbursed .. .. .	—	18.80	—	21.17	—	60.60
4. Amount repaid .. .. .	—	2.65	—	5.48	—	10.38
5. Amount outstanding (end of period) .. .. .	—	34.53	—	50.22	—	50.22

Note :—(1) Figures in this Table relate to refinancing of industrial loans only and do not include those relating to refinancing of export credits. (2) Figures for 1964-65 include operations of the RCI for the first two months; those for 1963-64 relate entirely to RCI.

24. It will be seen that during the period July 1964 to June 1965 (which includes two months of operations of the RCI), the number of applications received for refinance was more or less the same as in 1963-64 while the quantum of refinance sought was higher. As regards sanctions, while the number of applications sanctioned declined, the total amount sanctioned rose somewhat, indicating an increase in the average size of the loans refinanced. It may be noted that the increase in the amount of refinance sanctioned has occurred in spite of the introduction of partial refinancing since November 1964. The disbursement of refinance was somewhat larger, but repayments were also correspondingly higher. While a greater resort by credit institutions to refinance facilities could have been expected during the year because of the prevailing credit stringency, the extent of recourse by them has also to be viewed in the

context of the inclusion (from December 1964) of banks' borrowings from the IDBI in the calculation of the net liquidity position for determining the rate of interest charged on their borrowings from the Reserve Bank.

25. Table 3 shows the institution-wise break-down of IDBI's refinancing of industrial loans in 1964-65 as compared to 1963-64.

26. The Table brings out the predominant position of commercial banks in utilising the refinancing facilities afforded under the scheme. Of the outstanding amount of Rs. 50 crores at the end of June 1965, commercial banks accounted for 82 per cent, term-financing institutions (the State Financial Corporations) for 14 per cent and State co-operative banks for 4 per cent.

TABLE 3—INSTITUTION-WISE BREAK-DOWN OF INDUSTRIAL LOANS REFINANCED

(In crores of rupees)

	1963-64 (July-June)		1964-65 (July-June)		Since inception of RCI in June 1958 up to June 30, 1965		
	Amount sanc- tioned	Amount dis- bursed	Amount sanc- tioned	Amount dis- bursed	Amount sanc- tioned	Amount dis- bursed	Amount out- standing
1. Commercial Banks .. .. .	17.84 (77.1)	14.80 (78.7)	20.47 (83.2)	18.14 (85.7)	69.16 (82.6)	49.84 (82.2)	41.05 (81.7)
2. State Co-operative Banks .. .. .	0.20 (0.9)	0.60 (3.2)	2.80 (11.4)	0.59 (2.8)	5.01 (6.0)	2.54 (4.2)	1.96 (3.9)
3. Term-financing institutions (State Financial Corporations) .. .. .	5.09 (22.0)	3.40 (18.1)	1.32 (5.4)	2.44 (11.5)	9.59 (11.4)	8.22 (13.6)	7.21 (14.4)
TOTAL .. .. .	23.13 (100.0)	18.80 (100.0)	24.59 (100.0)	21.17 (100.0)	83.76 (100.0)	60.60 (100.0)	50.22 (100.0)

See foot notes to Table 2.

Figures in brackets are percentages to total.



27. The industry-wise classification of the refinance assistance rendered by the IDBI is shown in Annexure II. It will be seen that the industries assisted covered a wide range, including coal mining, textiles, paper and paper products, paints and varnishes, glass and glass products, basic industrial chemicals (including fertilisers), basic metal industries, manufacture of machinery and transport equipment etc.

(ii) *Scheme for refinancing of medium-term export credits*

28. Under the scheme introduced by the Refinance Corporation for Industry in January 1963, refinance facilities are provided to eligible banks, which are authorised dealers in foreign exchange, against medium-term export credits granted to exporters in the private sector, who are manufacturers, recognised export houses or other exporters of standing. To be eligible for refinance, such credits should normally be for periods exceeding six months but less than five years. This facility is ordinarily available for export of capital or engineering goods. The list of goods for which refinance facilities are available is given in Appendix II. The scheme provides for refinancing of pre-shipment credit also where it is combined with post-shipment credit, but the total period of credit excluding pre-shipment credit should not be less than six months or more than five years. The loans eligible for refinance should relate to exports against firm contracts and normally be covered by appropriate policies of the Export Credit and Guarantee Corporation Ltd. Further, a down cash payment of 20 per cent or a letter of credit or guarantee providing for payment to that extent against delivery of shipping documents has also to be obtained from or on account of the importer before the loan is refinanced. The total number of banks eligible under the scheme stood at 35 as on June 30, 1965. (These banks have been marked with an asterisk in Appendix I.) The scheme as it was originally introduced prescribed a maximum limit of Rs. 50 lakhs in respect of refinance of loans to any one exporter and a minimum limit of Rs. 1 lakh in respect of individual loans. In December 1963, it was decided to extend refinance in respect of credits for less than Rs. 1 lakh, if the relative export contract was for a minimum amount of Rs. 1 lakh. In August 1964, the ceiling of Rs. 50 lakhs was removed. In the interest of export promotion, the provision that the export contract should be for a minimum amount of Rs. 1 lakh was also removed by the IDBI in May 1965, with a view to extending the benefits of the scheme to exporters who ship goods even for small amounts. Further, refinance of export credit is provided at a concessional rate of interest and this rate has remained unaltered since December 1963 despite an increase in other lending rates. The concessional rate is 4½ per cent, provided the banks charge to the borrower not more than 6 per cent; the rate charged is 5 per cent in other cases.

29. The scheme, though it was introduced by the RCI in January 1963, has still not made any significant impact and enquiries are being made to ascertain from eligible banks the difficulties encountered by exporters in availing of the facilities, provided under the scheme. Only one application for Rs. 54.81 lakhs was sanctioned during the year, which was subsequently reduced to Rs. 21.42 lakhs, raising the total number of applications to 2 and the amount of effective sanctions to Rs. 28.97 lakhs. No disbursements were made during the year, the balance outstanding at the end of the year being nil.

(iii) *Scheme for the guarantee of advances to private sector coal industry*

30. Consequent on the merger of RCI, the Central Government appointed the IDBI as the agent for administering the scheme, introduced in April 1963, to guarantee rupee advances made by banks to private sector collieries for utilisation of the World Bank loan of \$35 million, and also designated the IDBI as the "Guarantee Organisation" for the purpose. The guarantee scheme aims at providing an incentive for a freer flow of institutional finance by affording a degree of protection to lending institutions against possible losses in respect of such advances. Under the scheme, any loss is to be shared between the lending institutions and the Government of India in the ratio of 35 : 65. The institutions eligible for availing of guarantee facilities under the scheme at present include credit institutions listed in Appendix III i.e., 59 scheduled banks, 15 State Financial Corporations (including MIIC), the

IFC and the ICICI. All advances for acquiring and installing machinery and equipment (including those purchased locally) in connection with the projects approved under the World Bank Loan Scheme as also advances made or to be made to these undertakings for the full utilisation of the additional capacity created by imported machinery are eligible for this guarantee. An annual charge at the rate of ½ per cent on the amount of the advance as sanctioned is being levied for providing the guarantee cover. During 1964-65 (July-June), 18 applications for Rs. 1.41 crores were received from 9 credit institutions, of which 4 applications for Rs. 64 lakhs were subsequently withdrawn by the applicant banks. During the year, 11 guarantees for Rs. 43 lakhs were issued. Up to the end of June 1965, 47 applications for Rs. 4.97 crores were received under the scheme from 11 credit institutions, of which 6 applications for Rs. 1.18 crores were withdrawn by the applicant banks. In all 38 guarantees for Rs. 3.31 crores have been issued so far. Of the 3 applications pending as on June 30, 1965, one guarantee for Rs. 9 lakhs has since been issued and 2 applications for Rs. 13.30 lakhs are under consideration. During the year, a sum of Rs. 2.60 lakhs was received as guarantee fees from the financial institutions, of which Rs. 1.95 lakhs represented fees in respect of guarantees issued up to the end of June 1965, which are transferable to Government; the balance represented fees in respect of applications pending at the end of the year. After deducting Rs. 0.22 lakh representing the actual expenditure incurred and recoverable by the IDBI for administering the scheme, the balance of Rs. 1.73 lakhs was paid to Government.

*Subscriptions to shares and bonds of other financial institutions*

31. The IDBI, as an apex institution, has also been vested with the responsibility of strengthening the resources position of the term-financing institutions, with a view to enabling them to expand and diversify their activities. The Act provides for such assistance through subscriptions to their share capital and bond issues. For this purpose, the National Industrial Credit (Long-Term Operations) Fund has been set up by the Reserve Bank from which the Bank extends loans to the IDBI on a long-term basis. Since State Financial Corporations suffer from inadequate resources and experience considerable difficulties in raising funds in the open market, assistance was provided during the year by the IDBI by way of subscriptions to shares as well as bonds.

32. Mention may be made in this connection of the IDBI's assistance for strengthening the share capital of the Madras Industrial Investment Corporation Ltd. During 1964-65, the share capital of the Corporation was raised from Rs. 1.32 crores to Rs. 1.85 crores to which the IDBI contributed Rs. 25 lakhs along with an equivalent contribution by the State Government; the IDBI has also agreed to provide a further amount of Rs. 25 lakhs in 1965-66. It may be noted that in the past, the Reserve Bank had contributed to the share capital of all the State Financial Corporations, but no such contribution was made in respect of the share capital of the MIIC. Thus, it is for the first time that a type of central assistance to its share capital has been provided to MIIC.

33. The IDBI also extended its support to the bond issues made by State Financial Corporations, by taking up bonds of the face value of Rs. 1.94 crores out of the total bond issues for Rs. 5.25 crores made during the year by the Assam, Mysore, Madhya Pradesh, West Bengal, Andhra Pradesh and Rajasthan State Financial Corporations.

34. The IDBI Act provided for certain amendments to the Industrial Finance Corporation of India Act, in terms of which shares of the Industrial Finance Corporation of India of the face value of Rs. 2.83 crores held by the Union Government and the Reserve Bank of India were acquired by the IDBI and additional shares of the value of Rs. 1.34 crores were allotted to and taken up by it, bringing its holdings to 50 per cent of the paid-up capital of the Corporation. No amount was borrowed from the National Industrial Credit (Long-Term Operations) Fund for this purpose.

*2. Direct Assistance*

35. The statutory provisions permit the IDBI to provide direct financial assistance to industrial concerns in all possible ways, namely, loans, underwriting of and

direct subscriptions to shares and debentures and guaranteeing of loans and deferred payments. The Bank's approach in regard to the provision of direct assistance has been governed by due regard alike to its apex character, to the absence of any statutory restrictions on its operations, and to its vantage position for assisting the financing of industrial expansion in participation with the banking system and with other financial institutions. As a lender of the last resort, the Bank has endeavoured to fill in the gaps that remain after taking into account the assistance provided by other institutions; its direct financing operations have accordingly been largely undertaken in participation with other institutions. In dealing with applications, the IDBI generally ascertains the applicant's approach to other term-financing institutions. Not infrequently, applicants come to the IDBI simultaneously with an approach to other institutions because of the quantum and variety of assistance required. Whenever it appears that the requests to other institutions, if complied with, are likely to meet the entire needs of the applicant for assistance, the IDBI normally prefers not to assist. Where it is evident that the IDBI assistance would be necessary, the Bank maintains close working relationships with other institutions in the appraisal and consideration of applications. Joint appraisal at suitable stages is carried out in appropriate cases. This is especially so where the amount of loan/underwriting assistance required by an industrial unit is large and beyond the normal range of assistance provided by the other institutions. In particular, participation with other institutions in underwriting is an important feature of the IDBI's operations. It is one of the responsibilities of the IDBI to make underwriting as broad-based as possible, and generally to put it on a sound and efficient footing. In the sphere of direct financing, the Bank has been vested with the responsibility to develop its specialised fields of lending in new sophisticated sectors of industry, such as the wide range of petro-chemical complexes and vital industries like alloy and special steels, and fertilisers etc., in which progress has been conspicuously small, or cement where the order of financial assistance required is also considerable. It has been the Bank's endeavour to take the lead in the appraisal of such projects and in arranging for the necessary quantum of institutional finance by bringing in other institutions to the extent feasible.

#### Overall Position

36. During 1964-65 (July-June), the IDBI received 93 applications from 78 industrial concerns for direct financial assistance in various forms aggregating Rs. 57.97 crores. Of these, it sanctioned financial assistance\* on 39 applications† in respect of 31 industrial concerns for a total amount of Rs. 27.50 crores, the distribution according to the type of assistance being as follows: 8 loans for Rs. 16.19 crores, 28 underwriting arrangements in respect of equity and preference shares for Rs. 6.85 crores and 3 guarantees for loans and deferred payments amounting to Rs. 4.46 crores. In 3 cases, the Bank sanctioned to the same company both

loan and underwriting assistance, in one case loan and guarantee assistance, while in two cases all the three types of assistance were sanctioned. (A list of the industrial units to which the IDBI sanctioned assistance is given in Annexure III.)

37. The above data include financial assistance sanctioned to one fertiliser project (*viz.* the Gujarat State Fertilisers Company Ltd.), comprising a loan of Rs. 14.00 crores, and underwriting of shares to the tune of Rs. 2.75 crores, sanctioned from the Development Assistance Fund (DAF).

38. Exclusive of assistance to Gujarat State Fertilisers Co. Ltd., the direct assistance sanctioned by the IDBI has been largely in the form of underwriting of share capital. This preponderance of underwriting in its operations is explained both by the sluggishness in the capital market as well as the preference shown by some institutions in providing assistance in the form of loans rather than underwriting.

39. The aggregate capital cost of the projects for which direct financial assistance has been sanctioned by the IDBI (excluding Gujarat State Fertilisers Co. Ltd.) amounted to Rs. 61.64 crores, of which the total finance sanctioned by the IDBI (excluding guarantees) amounted to Rs. 6.29 crores or roughly 10 per cent. As regards the size of individual projects for which assistance has been sanctioned, there was a considerable divergence, the capital cost varying from about Rs. 10 crores in the case of the Herdillia Chemicals Ltd to Rs. 30 lakhs in the case of the Metropolitan Instruments Ltd. In general, among the projects assisted, there was predominance of relatively small projects. Thus, in the case of 15 projects, the total cost was below Rs. 1 crore and it exceeded Rs. 3 crores only in respect of 7 projects. The size of assistance sanctioned to individual concerns also showed wide variation, ranging from Rs. 3.75 lakhs to Rs. 1.33 crores. The bulk of the assistance provided by the Bank has been in respect of new projects. Industry-wise, the projects for which assistance has been sanctioned by the IDBI covered a wide range and included both the traditional as well as new industries, such as cotton textiles, paper and pulp, cement, rayon yarn, chemicals, manufacture of machinery and metal products.

#### Underwriting

40. Underwriting accounted for 27 out of the 36 applications for direct financial assistance sanctioned by the IDBI (excluding Gujarat State Fertilisers Co. Ltd.) The total share capital of the 27 companies assisted by the IDBI amounted to Rs. 24.75 crores, the amount underwritten by the IDBI being Rs. 4.10 crores. The details of the share capital of these companies in the aggregate, the contribution of the promoters and the underwriting commitments of the IDBI are summarised in Table 4. Data on loans etc. in respect of projects which were sanctioned underwriting assistance by the IDBI are also shown alongside.

TABLE 4—DETAILS REGARDING PROJECTS WHICH WERE SANCTIONED UNDERWRITING ASSISTANCE BY THE IDBI, TOGETHER WITH LOAN ASSISTANCE SANCTIONED TO THESE PROJECTS‡

(July 1964—June 1965)

(In lakhs of rupees)

	Share Capital				Loans etc.**
	Ordinary	Preference	Total		
1. Total share capital issued .. ..	1995.50	479.25	2474.75	1. Total .. ..	2946.98
2. Contribution by promoters and foreign collaborators .. ..	967.33	52.00	1019.33	2. Contribution by promoters and foreign collaborators .. ..	172.53
3. Share capital offered for subscription to the public§ .. ..	1028.17	427.25	1455.42	3. Loans from term-financing institutions and others§ .. ..	2774.45
4. Amount underwritten by the IDBI ..	302.87	107.00	409.87	4. Loans sanctioned by the IDBI ..	73.75

\*Figures are inclusive of assistance from the Development Assistance Fund.

†An application from a company seeking more than one type of assistance has been treated as more than one application.

‡The figures are exclusive of assistance sanctioned by the IDBI out of the DAF to the Gujarat State Fertilisers Co. Ltd. *viz.*, underwriting assistance for Rs. 2.75 crores and a loan of Rs. 14 crores.

§No precise data are available, but provisional figures show that the share in underwriting of term-financing institutions was roughly Rs. 12 crores and in loans about Rs. 9 crores.

\*\*This comprises predominantly loans, though other items like cash accruals, deposits etc. have been included in the some cases.



41. The total underwriting commitment of the IDBI in respect of both equity and preference shares amounted to 17 per cent of the total capital issue and 28 per cent of the total public issue (*i.e.* excluding promoters' and collaborators' contribution).

42. The IDBI's share of underwriting in individual projects ranged between 63 per cent and 16 per cent of the respective public issues. It was more than 50 per cent in 2 cases, between 25 and 50 per cent in 16 cases and between 15 and 25 per cent in 9 cases. In comparison with the total capital issued (including promoters' and collaborators' contribution) the share of IDBI's underwriting assistance worked out to a maximum of 36 per cent and a minimum of 7 per cent.

43. The absolute size of IDBI's assistance by way of underwriting of shares ranged between a minimum of Rs. 3.75 lakhs and maximum of Rs. 76.00 lakhs in respect of ordinary operations; there was, besides, a contribution of Rs. 275 lakhs to the share capital of one project out of the Development Assistance Fund. Of the 27 ordinary operations, 15 were for amounts of less than Rs. 10 lakhs, 8 for amounts ranging between Rs. 10 lakhs and Rs. 25 lakhs and 4 for amounts exceeding Rs. 25 lakhs. IDBI's underwriting assistance was thus diffused over a number of projects in relatively small amounts.

44. IDBI's underwriting operations during the year were mostly in participation with the IFC, the ICICI and the LIC. Out of the 27 projects in respect of which the IDBI assumed underwriting commitments, the ICICI participated in 11, the IFC in 18 and the LIC in 16 operations. On the basis of provisional figures, the combined share of these institutions was roughly 20 per cent of the total capital issue and 40 per cent of the public issue.

45. Of the new issues for Rs. 4.10 crores underwritten by the IDBI (excluding the issue of Gujarat State Fertilisers Co. Ltd. for Rs. 2.75 crores), 7 operations were completed during the year involving Rs. 83.37 lakhs of ordinary shares and Rs. 30.50 lakhs of preference shares. Of these, an amount of Rs. 75.52 lakhs of equity and Rs. 28.96 lakhs of preference shares devolved upon the IDBI, the amount paid towards the shares taken up being Rs. 43.51 lakhs. The completion during the year of a limited number of operations is explained by the many formalities—legal and other—which require to be gone through and which involve the co-operation of several institutions, both domestic and foreign; every effort is being made to simplify and streamline the procedures and to expedite the disbursement of assistance already sanctioned.

46. As already mentioned, during the year under review, the IDBI entered into a number of small underwriting arrangements, mostly in respect of relatively small projects. However, a certain shift of emphasis in policy seems to be indicated as desirable for the present, because of the number of large applications that have started flowing into the Bank from industries of high priority. The limited resources of the IDBI, in finances as well as personnel, have to be deployed in the most effective manner and assistance to the large number of small projects, especially in the traditional industries, may be arranged more adequately by other institutions. Of course, the IDBI will continue in specially deserving cases, in particular of units promoted by technician-entrepreneurs, to render necessary assistance to small units. It will also be the endeavour of the IDBI to see that the other term-financing institutions are reasonably well-supplied with funds in appropriate form for their operations. It is also of utmost importance that promoters put in substantial effort themselves to raise resources. The rewards of entrepreneurship are by no means unattractive for the full measure of effort in this regard to be worthwhile.

#### *Agreements with brokers for sub-underwriting and procurement of subscriptions*

47. The IDBI also took steps to bring about a reduction in the incidence of underwriting burden devolving on financial institutions by mobilising the services of stock brokers on the recognised stock exchanges more effectively for procuring subscriptions to shares underwritten by them. With a view to encouraging stock brokers to put in greater efforts, the IDBI initiated and secured the agreement of the IFC and the ICICI to

arrangements for sharing of underwriting commission with the brokers. Under the scheme introduced in February 1965, brokers will be paid one per cent of the 2½ per cent of the underwriting commission in respect of issues of preference and ordinary shares underwritten by the IDBI, provided they procure individually a minimum subscription of Rs. 25,000. Further, in the case of formal sub-underwriting arrangements with brokers, a commission of 2 per cent for shares and 1 per cent for debentures will be paid to them, if the minimum sum for which a sub-underwriting contract is entered into is Rs. 50,000. The level of the commission as well as the minimum sum are subject to review from time to time. In cases where these institutions (*i.e.* IFC and ICICI) participate in underwriting issues of shares—and this is generally so—the arrangements will be operated jointly by the participating institutions so that subscriptions received on their account are pooled together and allocated among them in proportion to the underwriting commitment of each institution. So far, the IDBI has entered into formal sub-underwriting arrangements in respect of share issues of three companies, the total amount involved being Rs. 10.40 lakhs.

#### *Loan and guarantee assistance*

48. Of the 7 loans sanctioned for an aggregate amount of Rs. 2.19 crores in its ordinary operations (*i.e.* excluding Gujarat State Fertilisers Co. Ltd.), 3 were for amounts above Rs. 20 lakhs each, one for amount between Rs. 10 lakhs and Rs. 20 lakhs and 3 were for amounts below Rs. 10 lakhs each. No disbursements were made during the year in respect of the loan commitments. The 2 projects for which IDBI has agreed to provide guarantee assistance for Rs. 2.88 crores were in respect of foreign exchange loans from the Ex-im Bank and the Commonwealth Development Finance Company Ltd.

#### *Lending Rate*

49. The lending rate of IDBI was initially fixed at 7½ per cent per annum, with a rebate of ½ per cent for punctual payment of instalments of principal and interest so that the effective rate was 7 per cent. Following the raising of the Bank Rate to 6 per cent in February 1965, the rate for direct lending was increased on March 5, 1965 and simultaneously a change was made in the basic of charge by providing for a penalty for default instead of rebate for prompt payment. The lending rate is now 8 per cent with a penalty charge of ½ per cent for default. In addition, a commitment charge of 1 per cent is also levied on the amount of loan remaining undrawn after a specified time limit.

#### *Assistance to machinery manufacturers—Scheme for rediscounting bills/promissory notes*

50. The growth of indigenous machinery manufacture is a basic desideratum for rapid industrialisation, and the development of this vital sector is one of the ways in which the IDBI can promote industrial progress. Indigenous machinery manufacturers operate on a narrow margin of working capital and commercial banks are unable, under the present conditions, to provide adequate credit facilities to them. These manufacturers are, therefore, generally not in a position to offer deferred payment facilities to purchasers of machinery except on a limited scale. In the absence of such facilities, even though suitable equipment is manufactured in India, industrial units prefer to import machinery as foreign suppliers extend liberal deferred payment facilities. The IDBI, therefore, introduced with effect from April 1, 1965, a scheme for rediscounting usance bills/promissory notes arising out of sales of indigenous machinery on deferred payment basis. Under the scheme, bills/promissory notes should be drawn in favour of the machinery manufacturers who may discount them with banks and other financial institutions approved by the IDBI. A list of such institutions is given in Appendix IV. The approved institution in turn can avail of rediscounting facilities from the IDBI at a rate to be fixed from time to time, the present rediscounting rate being 6½ per cent per annum. The scheme covers deferred payment arrangements for a minimum period of six months and a maximum period of five years. The minimum amount of a transaction covering a set of bills/promissory notes representing deferred payment sales has been fixed at Rs. 1 lakh. The rediscounting facilities will be granted in respect of industries which are approved by the IDBI from time to time. For the

present, cotton textiles, silk and art silk, jute, cement, sugar and paper machinery manufacturing industries have been approved by the Bank. Up to the end of June 1965, the Bank sanctioned limits aggregating Rs. 7.95 crores to 7 banks, out of which 2 banks availed themselves of the facility to the extent of Rs. 8.90 lakhs. The bills rediscounted pertained to the sale of cotton textile machinery (Rs. 5.04 lakhs) and silk and art silk machinery (Rs. 3.86 lakhs).

51. In assessing the magnitude of IDBI's direct assistance to industry during the year, it is necessary to bear in mind that industrial banking is a complex affair. There are problems in the initial phase of a new institution of building up a proper organisational set-up, and instituting an adequate machinery for the financial and technical appraisal of industrial projects. But another difficult matter has related to the deficiencies of presentation of data on the projects. In this matter, the IDBI's experience has not been much different from similar institutions both at home and abroad. In several cases, not only the information furnished in the applications lacked in several essential details, but the projects themselves were not properly drawn up. Consideration and disposal of applications for assistance by term-financing institutions could be appreciably speeded up if greater care is taken by the promoters in formulating the projects and in supplying the requisite information for a proper appraisal of their schemes. The IDBI has drawn up a questionnaire after taking into account the existing questionnaires of other financial institutions to assist entrepreneurs in presenting the required data adequately. It has been found that the examination of projects is facilitated if replies to the questionnaire are submitted simultaneously with submission of the request for direct financial assistance to the IDBI.

#### IV. Development Assistance Fund

52. The Industrial Development Bank of India Act provides for the establishment by the IDBI of a special fund, viz., the Development Assistance Fund (DAF) and for the submission of a report on the operations of the Fund, together with the balance sheet and accounts.

##### Set-up

53. The Fund, which has to be maintained separately from the IDBI's General Fund, comprises amounts received by way of loans, gifts, grants, donations, etc. from the Central Government or any other source. The profits and losses arising out of the operations of the Fund are respectively credited or charged to the Fund. The IDBI is to be reimbursed for such expenses arising out of or in connection with the administration and application of the Fund as may be determined by the IDBI's Board of Directors.

##### Criteria for use

54. The statutory provisions relating to the use by the IDBI of the DAF for financial assistance to industrial concerns lay down (i) that the IDBI shall satisfy itself that banking or other financial institutions or agencies are not likely to grant such loan or advance to the industrial concern or to enter into any such arrangement with or in relation to the industrial concern in the ordinary course of business, (ii) that before granting such assistance, the IDBI shall obtain the prior approval of the Central Government, and (iii) that the Central Government before giving its approval shall satisfy itself that such assistance is necessary as a matter of priority in the interests of the industrial development of the country.

55. Against the background of these broad statutory provisions, some important policy considerations bearing on the resort to the DAF for financing industrial projects may be set out briefly. The task of laying down the guidelines for determining the circumstances under which the resources of the DAF rather than those of the IDBI should be utilised is a difficult one, especially in relation to an institution like the IDBI which itself is a special institution set up by Government for financing and promoting industrial development. The provision that only such projects as are not likely to receive assistance from other institutions in their ordinary course of business may be financed from DAF would not preclude cases in which banks and others go only a part of the way with IDBI, but the provision of the bulk of the assistance by the IDBI is essential for implementing the scheme. In such

cases, it would be desirable to use the DAF to supplement the resources provided by other agencies and by the IDBI itself out of its regular funds. This will cover cases where the relevant consideration is the substantial magnitude of the assistance required. Apart from projects which require assistance in substantial magnitude, projects which may be financed by IDBI out of the DAF instead of from its general resources would cover :

(i) projects within the private or public sectors, which are potentially risky or low profit yielding or involve long gestation period, but which are of strategic importance to the Indian economy, and would otherwise have claimed assistance directly from the Government. The provision of assistance through IDBI may ensure expert scrutiny of the project in conjunction with other institutions and expert follow-up work from stage to stage, and

(ii) projects covering the IDBI's statutory function in the sphere of planning, promoting and developing industries to fill up the gaps in the industrial structure where this involves enterprises which are unlikely to receive any or all the assistance they require from banks and other financial institutions in their ordinary course of business.

56. While, over the years, it might be possible to evolve fairly clear criteria for the use of the DAF, the decision on the appropriateness of turning to the DAF for the grant of assistance has to be taken on an *ad hoc* basis in the initial stages.

##### Operations

57. The Development Assistance Fund was established on March 27, 1965 in terms of a notification dated March 16, 1965, issued by the Government of India. An initial loan of Rs. 1 lakh was sanctioned by the Government to the IDBI for credit to the Fund. The balance in the account has been invested in Government of India securities.

58. During the year under review, the IDBI examined one application in the fertiliser industry, namely the Gujarat State Fertilisers Co. Ltd., for assistance from the DAF. The substantial size of the financial assistance required by the applicant company in relation to IDBI's resources as well as the strategic significance of the project in the country's economy were the main considerations which placed the project in a special category suitable for assistance from the DAF. The project was examined at the instance of IDBI/IFC by the Fertiliser Corporation of India Ltd., which submitted a techno-economic report and also assisted the IDBI/IFC in the appraisal of the project. The IDBI has agreed, in principle, to grant financial assistance to the company for Rs. 2.75 crores in the form of underwriting of equity and preference share capital, Rs. 14 crores in the form of a 12-year loan and Rs. 1.57 crores in the form of a guarantee in respect of deferred payments. The IFC, ICICI and the LIC, besides some banks, are participating in the underwriting and loan assistance. No disbursements were made from the DAF during the year. The fund showed a loss of Rs. 513 during the year, representing the excess of interest payable on the loan received from the Central Government over the income from the investments of the Fund.

#### V. Institutional Finance for Industry

59. In view of the growing importance of institutional finance for industry, it would be useful to indicate in this Report the quantum of financial assistance provided by major financial institutions as well as the main sources of funds for financing their operations. In Table 5 are given the figures of financial assistance provided by the IDBI, IFC, ICICI and SFCs during the financial year 1964-65 (April-March). In view of the fact that during the above-mentioned financial year, the IDBI was in operation for 9 months only, the figures for the IDBI are also given for a twelve-month period from July 1964 to June 1965. For purposes of comparison, the data for 1963-64 have also been set out, though in respect of the IDBI, the figures for this year relate to the operations of the Refinance Corporation for Industry Ltd. To avoid double counting, IDBI's refinance assistance to the SFCs has been excluded from the loan figures (which include refinance) of IDBI, since these are covered under loans provided by the SFCs. Refinance has not so far been availed of by the IFC and the ICICI. The refinance extended to commercial and Co-operative banks understates the assistance given to industry by banks because not all term loans are refinanced. Also, since November 1964, there is partial refinancing, to the extent of 80 per cent.

TABLE 5—FINANCIAL ASSISTANCE TO INDUSTRIAL CONCERNS PROVIDED BY MAJOR TERM-FINANCING INSTITUTIONS DURING 1963-64 AND 1964-65 (April-March)

(Rupees in crores)

Name of the institution	Loans				Underwriting and direct subscriptions				Loans, underwriting and direct subscriptions			
	Sanctions		Disbursements		Sanctions		Disbursements		Sanctions		Disbursements	
	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65
	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65
Industrial Development Bank (IDBI)* .. ..	19.25	20.44	12.04	18.57	—	3.10	—	0.17	19.25	23.54	12.04	18.74
		(39.45)		(18.73)		(6.85)		(0.44)		(46.30)		(19.17)
Industrial Finance Corporation (IFC)@ .. ..	30.51	20.78	17.08	17.60	4.58	3.77	3.45	2.47	35.09	24.55	20.53	20.07
(Of which foreign currency loans) .. ..	8.26	7.04	2.08	2.47					8.26	7.04	2.08	2.47
Industrial Credit and Investment Corporation (ICICI) .. ..	18.61	16.80	9.23	13.99	4.64	6.33	2.19	2.96	23.25	23.13	11.42	16.95
(Of which foreign currency loans) .. ..	12.86	10.90	6.33	8.03					12.86	10.90	6.33	8.03
State Financial Corporations (SFCs) .. ..	16.56	19.95	11.71	12.98	1.55	2.76	2.07	1.17	18.11	22.71	13.78	14.15
TOTAL .. ..	84.93	77.97	50.06	63.14	10.77	15.96	7.71	6.77	95.70	93.93	57.77	69.91
(Of which foreign currency loans) .. ..	21.12	17.94	8.41	10.50					21.12	17.94	8.41	10.50

\*Data for 1963-64 relate to the operations of R.C.I. The figures for 1964-65 cover the operations of RCI for 5 months (prior to its merger with IDBI on September 1, 1964), the refinance operations of IDBI for the subsequent 7 months as well as the direct financial assistance of IDBI during the first 9 months since its inception on July 1, 1964. Figures in brackets relate to the operations of IDBI for a full year period (July-June), which include the refinance operations of R.C.I. for 2 months (July-August 1964). To avoid double counting, refinance extended to SFCs has been excluded throughout as this is already covered under their loans. No refinance was availed of by IFC and ICICI during the period.

@Disbursements on account of guarantees are included under loans.

60. During 1964-65, the financial assistance (including loans, underwriting and direct subscriptions but not guarantees) sanctioned by the above term-financing institutions totalled Rs. 94 crores or only slightly less than in 1963-64. While there was an increase in assistance sanctioned by the RCI/IDBI and the SFCs, sanctions by the IFC showed a decline. The total for the ICICI remained practically unchanged at about Rs. 23 crores. As regards the composition of assistance sanctioned, loan assistance declined by Rs. 7 crores to about Rs. 78 crores, but this decline was mostly offset by an increase in underwriting assistance from Rs. 11 crores to Rs. 16 crores. Part of the Decline (Rs. 3.2 crores) under loan assistance was in respect of foreign currency loans. Though overall sanctions remained more or less unchanged in 1964-65 as compared to the previous year, there was a considerable stepping up of assistance actually disbursed, from Rs. 58 crores to Rs. 70 crores. The rise in disbursements was entirely on account of loans including loans in foreign currency, there being a small decrease in respect of underwriting and direct subscriptions. The above data in respect of underwriting and direct subscriptions understate the magnitude of assistance from institutional

sources in that the figures of underwriting and direct subscriptions by the LIC and the Unit Trust in 1964-65 have not been included.

61. Table 6 gives the sources and uses of funds, during 1964-65, of the IFC, ICICI, SFCs and IDBI. The total of the sources/uses comes to Rs. 114 crores, but this is on a gross basis. What is important is to find out the sources of finance for the aggregate lending of Rs. 70 crores to industrial units by these institutions. This was financed from foreign currency loans (Rs. 7.8 crores), borrowing through sale of bonds and debentures (Rs. 7.2 crores), sale of investments (Rs. 3.0 crores) and repayment of loans (Rs. 17.9 crores)—a total of Rs. 35.9 crores. The balance of the resources came from Government and the Reserve Bank. In fact, contributions from these sources came to Rs. 50 crores including net contributions from the Central Government (Rs. 37.3 crores), from Reserve Bank (Rs. 12.4 crores) and from State Governments (Rs. 43 lakhs). Accrual of funds thus exceeded utilisation for direct assistance to industry, the excess constituting working resources available for use in 1965-66.

TABLE 6—SOURCES AND USES OF FUNDS OF TERM-FINANCING INSTITUTIONS IN 1964-65 (April-March)

(In crores of rupees)

(1)	IFC	ICICI	SFCs@	IDBI	Total	Total (after excluding inter-institutional flows)
(2)	(3)	(4)	(5)	(6)	(7)	
<b>A. Sources of Funds</b>						
1. Paid-up capital and reserves .. ..	2.48	—	0.75	10.00	13.23	11.64
2. Borrowings from :						
(a) Government .. ..	4.00	6.50	0.21	26.99	37.70	37.70
(b) Reserve Bank of India .. ..	—	—	5.05	1.25	6.30	6.30
(c) IDBI (Refinance) .. ..	—	—	2.61	—	2.61	—
(d) Others .. ..	—	—	3.36	—	3.36	3.36
3. Borrowings by way of bonds/debentures .. ..	11.04	—	5.01	—	16.05	15.05
4. Borrowings in foreign currency .. ..	2.47	8.03	—	—	10.50	10.50
5. Deposits accepted .. ..	—	—	3.34	—	3.34	3.34
6. Sales of investments in :						
(a) Shares, debentures, etc. .. ..	1.00	1.26	0.10	—	2.36	2.36
(b) Government and other securities .. ..	—	0.03	0.21	0.44	0.68	0.68
7. Repayment of loans by borrowers:						
(i) rupee loans .. ..	5.17	1.12	4.60	4.98	15.87	15.40
(ii) foreign currency loans .. ..	0.27	2.19	—	—	2.46	2.46
8. Recoveries in respect of guarantees .. ..	—	—	—	—	—	—
9. Others .. ..	1.77	0.86	0.82	2.22	5.67	5.67
TOTAL .. ..	28.20	19.99	26.06	45.88	120.13	114.46

TABLE 6—contd.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>B. Uses of Funds</b>							
1. Disbursement of assistance by way of:							
(a) Loans							
(i) rupee loans .. .. .	13.96	5.96	12.98	21.18	54.08	51.47	
(ii) foreign currency loans .. .. .	2.47	8.03	—	—	10.50	10.50	
(b) Subscriptions to shares, debentures, etc. of industrial concerns .. .. .	2.47	2.96	1.17	0.17	6.77	6.77	
(c) Guarantees .. .. .	1.16	—	—	—	1.16	1.16	
2. Repayment of loans from :							
(a) Government .. .. .	0.16	—	—	—	0.16	0.16	
(b) Reserve Bank of India .. .. .	—	—	3.87	—	3.87	3.87	
(c) IDBI (Refinance) .. .. .	—	—	0.47	—	0.47	—	
(d) Others .. .. .	—	—	2.49	—	2.49	2.49	
3. Redemption of bonds/debentures .. .. .	7.81	—	0.05	—	7.86	7.86	
4. Repayment of borrowings in foreign currency .. .. .	0.16	2.59	—	—	2.75	2.75	
5. Repayment of deposits .. .. .	—	—	2.86	—	2.86	2.86	
6. Investments in Government and other securities .. .. .	—	—	—	21.64	21.64	19.05	
7. Others .. .. .	0.01	0.45	2.17	2.89	5.52	5.52	
<b>TOTAL .. .. .</b>	<b>28.20</b>	<b>19.99</b>	<b>26.06</b>	<b>45.88</b>	<b>120.13</b>	<b>114.46</b>	

@Figures are provisional.

#### VI. Accounts and other Matters

62. Under the provisions of the Industrial Development Bank of India Act, the Development Bank is required to maintain two separate accounts—one relating to the General Fund of the Bank and the other relating to the Development Assistance Fund established under Section 14 of the Act, and to prepare separate balance sheets and accounts of these funds.

#### Income and Expenditure

63. During the accounting year 1964-65, the total income of the Bank's General Fund amounted to Rs. 253.83 lakhs. The principal components of this income were (i) interest on refinance to financial institutions (Rs. 193.92 lakhs), (ii) interest on Government securities and discount on Treasury Bills (Rs. 55.58 lakhs) and (iii) interest on SFC Bonds (Rs. 2.80 lakhs). Expenditure totalled Rs. 161.51 lakhs. The main item of expenditure was the interest paid on loans taken from the Central Government (Rs. 145.43 lakhs). Interest on borrowings from the Reserve Bank amounted to Rs. 2.63 lakhs. The establishment expenses aggregated Rs. 10.69 lakhs. The excess of income over expenditure was Rs. 92.32 lakhs. As provided in Section 22 of the Industrial Development Bank of India Act, 1964, after crediting a sum of Rs. 75 lakhs to the Reserve Fund, the balance of profit of the General Fund amounting to Rs. 17.32 lakhs was transferred to the Reserve Bank of India.

#### Resources

64. The Bank's general resources during the year were derived from paid-up capital and loans from the Central Government and the Reserve Bank of India.

#### (i) Share capital

The authorised capital of the Bank is Rs. 50 crores and the issued capital, wholly subscribed by the Reserve Bank of India, is Rs. 10 crores.

#### (ii) Borrowings from the Government of India

The Bank was granted an interest-free long-term loan of Rs. 10 crores by the Central Government on the date of its establishment. Of the sum of Rs. 36 crores allotted to RCI, out of the PL 480 funds, for providing refinance facilities, it had drawn Rs. 33.50 crores up to the end of August 1964; the balance of Rs. 2.50 crores was drawn by the IDBI following the merger of RCI with IDBI. Subsequently, the Bank received further loans to the tune of Rs. 8.99 crores from the Central Government for the General Fund and Rs. 1 lakh for the Development Assistance Fund. Its total borrowings from the Central Government thus aggregated Rs. 55.00 crores as on June 30, 1965 (including Rs. 33.50 crores borrowed by the RCI and taken over).

#### (iii) Borrowings from the Reserve Bank of India

**National Industrial Credit (Long Term Operations) Fund**—The Reserve Bank of India sanctioned a limit of Rs. 2 crores out of the National Industrial Credit (Long Term Operations) Fund [established by it in terms of Section 46(C) of the Reserve Bank of India

Act] to the IDBI for the purchase of and/or subscription to bonds and debentures of eligible financial institutions. As on June 30, 1965, the limit was utilised to the extent of Rs. 1.92 crores for subscribing to the bonds of six State Financial Corporations viz. Assam, Madhya Pradesh, Mysore, West Bengal, Andhra Pradesh and Rajasthan Financial Corporations. The Reserve Bank of India granted a further limit of Rs. 25 lakhs out of the above-mentioned Fund for subscribing to the share capital of the Madras Industrial Investment Corporation Ltd., which was fully availed of by the Bank.

#### Disbursement of assistance to industrial concerns

65. During the year, the Bank sanctioned applications for underwriting of shares, loans and guarantees amounting to Rs. 684.87 lakhs, Rs. 1618.75 lakhs and Rs. 445.62 lakhs respectively to 31 companies.\* Out of these, equity and preference shares of 7 companies of the total face value of Rs. 104.48 lakhs were taken up by the Bank and an amount of Rs. 43.51 lakhs was paid towards the shares taken up.

#### Investment of surplus funds

66. The Bank invests its surplus funds in Government of India securities. As at the end of June 1965, such investments amounted to Rs. 11.14 crores.

#### Auditors

67. The accounts of the Bank have been audited by Messrs. S. B. Billimoria and Co. of Bombay, who were appointed by the Reserve Bank of India as auditors of the IDBI, in terms of Section 23(1) of the Industrial Development Bank of India Act.

#### Supervision over operations of the IFC

68. By certain amendments to the Industrial Finance Corporation Act, 1948, made in terms of the IDBI Act, the Bank has been vested with financial and supervisory obligations over the IFC, which were previously vested in the Central Government. Reference has already been made in paragraph 34 to the acquisition by the IDBI of 50 per cent of the paid-up capital of the IFC. The directives issued to the IFC by the Central Government under sub-section 3 of Section 6 of IFC Act, 1948 (since amended) are being continued by the IDBI, and accordingly the IFC is referring to the IDBI for approval/comments cases which are covered by the directives. Besides, the Corporation is submitting various returns to the IDBI as required under Section 35 of the IFC Act, 1948. In terms of Section 10(1)(aa) of the IFC Act, 1948, the IDBI Board nominated Sarvashri M. V. Mathur, S. R. Vasavada, Charat Ram and V. G. Pendharkar (Economic Adviser to the Reserve Bank of India) on the Board of the IFC. All the four directors were previously on the Board of the IFC, the first two having been nominated by the Central Government under the aforesaid Section of the IFC Act before it was amended and the last two by the Reserve Bank of India under Section 10(1)(b) *ibid* and they were renominated by the IDBI to maintain continuity. From July 2, 1965, Shri K. C. Mittra, General Manager of the IDBI, was nominated to the Board of the IFC in place of Shri V. G. Pandharkar.

\*Figures are inclusive of assistance sanctioned to the Gujarat State Fertilisers Co. Ltd. from the Development Assistance Fund.

*IDBI's General Regulations*

69. As provided in the IDBI Act, the regulations for the purpose of giving effect to the various provisions of the Act are framed with the prior approval of the Reserve Bank. The regulations so far framed, viz., the Industrial Development Bank of India General Regulations, 1964, cover, *inter alia*, matters connected with the procedures for the meeting of the Board and the Executive Committee, constitution and functions of the Executive and other Committees, fees and allowances of directors and members of the Committees, signing powers of the Vice-Chairman, the General Manager and other officials, the forms of balance sheets and profit and loss accounts of the General Fund and the Development Assistance Fund, issue of bonds and debentures and affixation of the common seal.

*Board of Directors*

70. The Board of Directors of the IDBI consists of such persons as, for the time being, hold office as Directors of the Central Board of the Reserve Bank of India, the strength of which was increased from 15 to 20, with effect from the date of establishment of the IDBI. Shri P. C. Bhattacharyya, Governor of the Reserve Bank is the Chairman and Dr. B. K. Madan, a Deputy Governor of that Bank is the Vice-Chairman of the IDBI.

71. During the year, Shri S. Bhoothalingam, I.C.S., was nominated as a Director of the Central Board of the Reserve Bank, with effect from August 13, 1964 in terms of Section 8(1)(d) of the Reserve Bank of India Act in place of Shri L. K. Jha, I.C.S. Shri H. P. Nanda resigned from the Board of Directors, with effect from September 2, 1964 and Dr. Triguna Sen was nominated by the Central Government to fill the vacancy, with effect from January 7, 1965. Raja Bajrang Bahadur Singh and Shri V. S. Tyagaraja Mudaliar were nominated in place of Sarvashri Mehr Chand Mahajan and K. Ramunni Menon in terms of clause (b) of sub-section (1) of Section 8, with effect from January 15, 1965. Shri B. N. Adarkar was appointed as a Deputy Governor of the Reserve Bank of India and consequently a Director on the Board of the IDBI for a period of five years, with effect from June 16, 1965 *vice* Shri M. V. Rangachari, who retired from service on February 28, 1965.

72. Six meetings of the Board of Directors were held during the year, three of which were in Bombay and one each in Madras, Calcutta and New Delhi.

*Executive Committee*

73. The executive Committee constituted by the Board of Directors consisted of the Chairman, the Vice-Chairman and five other Directors nominated by the Board, viz., Sarvashri P. L. Tandon, A. N. Mafatlal, G. Basu, K. Sreenivasan and H. P. Nanda. On the resignation of Shri Nanda from the Board of Directors and consequently from the Executive Committee, Shri C. P. N. Singh was nominated to the Committee, with effect from March 4, 1965.

74. The Executive Committee held thirteen meetings during the year, of which one each was held in Calcutta, Madras and New Delhi and the rest in Bombay.

*Ad hoc Advisory Committees*

75. The IDBI has constituted a panel of Technical Advisers and Consultants drawn from various sectors of industry. Experts on this panel are drawn from time to time to form *ad hoc* Committees of Advisers for advising the Bank on the various projects, keeping in view the nature and size of the industry seeking financial assistance. During the year, fifteen meetings of *ad hoc* Committees of Advisers were held including one for the purpose of selecting technical personnel for the IDBI; all the meetings were held in Bombay.

*Internal Organisation*

76. An institution like the Industrial Development Bank requires staff with considerable financial and technical expertise. There are problems in the initial phase of building up a proper organisational set-up. This difficulty has been mitigated to some extent owing to the staff provided by the Reserve Bank of India under Section 26(2) of the IDBI Act. The merger of the Refinance Corporation for Industry Ltd. with the IDBI was also of assistance in making available personnel having experience of refinance operations. The Bank has taken further steps to recruit staff members with specialised qualifications in cost accounts, economic analysis, company finance, etc., besides personnel technically qualified in the various branches of industry, such as general and chemical engineering, on a full-time basis or as consultants. The Bank's operations are carried on under

the immediate superintendence and direction of the Vice-Chairman assisted by the General Manager, who has two deputies, an Economic Adviser-cum-Deputy General Manager and another Deputy General Manager, to supervise the two main wings of Appraisal and Operations. For the present, the internal organisation of the Bank consists of four main departments viz., Appraisal, Operations, Refinance and Economic and Planning, in addition to the Legal, Administration and Board Divisions. As on June 30, 1965, the total staff of the Bank was 165, of which 24 were officers and 141 other employees, including subordinate staff.

*Training of Personnel*

77. The IDBI has organised training for its staff, especially in the work of economic and financial appraisal of industrial projects. It deputed during the year officers to the IFC, ICICI, the Industrial Development Bank of Canada, the Kreditanstalt in West Germany and the Industrial Bank of Japan for study and training. The Bank has also taken advantage of the various training courses, including the Project Evaluation Courses, conducted by the Economic Development Institute, an affiliate of the World Bank, in India and at Washington, D.C.

*Premises*

78. The principal office of the Bank is located in the main building of the Reserve Bank of India, Bombay. As the office accommodation was inadequate to meet the growing requirements of the Bank, additional accommodation was acquired in another building on Mathew Road while arrangements were also made for further accommodation in Homji Street in the vicinity of the Reserve Bank.

*VII. Concluding Observations*

79. Experience even during the very short period of a year has borne out the usefulness of the IDBI's role as an apex institution in the sphere of medium and long-term finance. The co-ordination of the operations of term-financing institutions on an active and systematic basis and the initiation of new facilities for industrial finance to meet the complex needs of industrialisation has begun and in course of time there should be further progress in this direction. There will have to be continuous streamlining of the procedures for consultation and implementation of agreed policies and decisions. All this will help the speedy execution of industrial projects in the private sector.

80. In recent years, institutional finance has constituted an increasingly important source of medium and long-term funds for Indian industry. The volume of assistance provided by the various term-financing institutions (IFC, ICICI, SFCs and RCI) represented about 10 per cent of the total private sector investment in industry during the Second Plan; in the Third Plan period, this assistance (including IDBI's) may be placed roughly at 20 per cent of a larger total amount of investment. In the Fourth Plan period, this ratio may again go up to some extent. A special responsibility vests in the IDBI to ensure that the limited funds available for channelling through the term-financing institutions would be put to the best possible use. Assistance must be concentrated on areas where it would be most productive, also having regard to the impact on the country's balance of payments situation. In these circumstances, the operations of the IDBI and partly those of other institutions would have to be selective, directed especially towards the building up of efficient units in priority sectors. There are undoubtedly practical difficulties in drawing up the IDBI's own priorities, but attention will have to be concentrated on some areas like fertilisers, petro-chemicals, alloy steels, machine tools, cement, etc. The IDBI's assistance for financing other industrial projects will largely have to take the form of supplementing the resources of other institutions operating in this field. These are broad guidelines. In practice, the IDBI's approach has to be pragmatic and flexible, having regard to the varying needs of the different industries and regions.

81. While the term-financing institutions should play a significant role in the financing of industry, it is necessary to bear in mind that in general their contribution can only be a subsidiary one. It should be hoped that the atmosphere of gloom that prevails in the capital market will be a passing phase. In the ultimate analysis, the resources for both the public and private sectors have to come from the genuine savings of the public. Fiscal policies and operations of the corporate sector have to be such as to maximise private saving and investment.

ANNEXURE I  
SUMMARY OF REFINANCING OPERATIONS

(Rupees in lakhs)									
		Since inception of RCI in June 1958 up to June 30, 1963 (1)		1963-64 (July-June) (2)		1964-65 (July-June) (3)		Since inception of RCI in June 1958 up to June 30, 1965 (4)	
Number of financial institutions sanctioned refinance@ .. ..	No.	26 Amount Rs.	No.	34 Amount Rs.	No.	37 Amount Rs.	No.	37 Amount Rs.	
1. Applications received .. ..	313 (1)	49,20.77 (10.83)	229	33,16.66 (1)	228 (1)	37,34.08 (56.00)	770 (2)	119,71.51 (66.83)	
2. Applications sanctioned .. ..	223 (1)	36,15.32 (10.83)	176	23,12.69 (1)	125 (1)	25,13.37 (54.81)	524 (2)	84,41.38 (65.64)	
3. Applications rejected being inel- igible .. ..	11	1,44.93	9	1,66.50	2	18.00	22	3,29.43	
4. Applications withdrawn or re- turned to financial institutions for want of full particulars .. ..	7	1,02.22	27	4,51.11	45	5,15.81	79	10,69.14	
5. Applications pending consider- ation@ .. ..	71	10,24.92	89	14,35.02	145	18,45.26	145	18,45.26	
6. Sanctions treated as lapsed .. ..	13	2,56.50	6	71.00	8	2,34.00	27	5,61.50	
7. Sanctions not to be availed of by the financial institutions .. ..	—	2,54.80	—	39.28 (3.28)	—	2,17.92 (33.39)	—	5,12.00 (36.67)	
8. Refinance disbursed .. ..	—	20,63.65	—	18,87.55 (7.55)	—	21,16.68	—	60,67.88 (7.55)	
9. Refinance outstanding@ .. ..	—	18,38.31	—	34,59.32 (5.97)	—	50,22.42 (—)	—	50.22.42 (—)	

Note :—(1) Figures shown in columns 1 and 2 relate entirely to RCI, while those in columns 3 and 4 include the operations of RCI up to the end of August 1964.  
(2) Figures include refinance of medium-term export credits which are separately shown within brackets.  
@Figures in columns 2 and 3 indicate position as at the end of the period.

ANNEXURE II  
INDUSTRY-WISE CLASSIFICATION OF REFINANCE ASSISTANCE

(Rupees in lakhs)											
Type of Industry (1)	Applications received				Applications sanctioned				Refinance Disbursed		Outstand- ing
	During 1964-65 (July-June)		Since inception of RCI up to June 30, 1965		During 1964-65 (July-June)		Since inception of RCI up to June 30, 1965		During 1964-65 (July-June)	Since inception of RCI up to June 30, 1965	Since inception of RCI up to June 30, 1965
	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	Rs.	Rs.	Rs.
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>I. Industrial Loans</b>											
1. Coal Mining .. ..	4	40.40	33	424.70	5	43.75	24	329.90	163.72	282.57	270.95
2. Stone, Quarrying, Clay & Sand Pits .. ..	1	24.00	1	24.00	1	24.00	1	24.00	—	—	—
3. Metal Mining except Iron Ore Mining .. ..	2	15.00	2	15.00	1	8.00	1	8.00	8.00	8.00	8.00
4. Food Manufacturing Industries except Beve- rage Industries .. ..	12	142.60	57	900.85	5	50.40	37	575.12	39.80	387.82	282.08
5. Manufacture of Textil- es .. ..	73	1255.98	216	3811.54	41	981.68	130	2454.63	857.94	1707.64	1467.36
6. Manufacture of Wood & Cork except Manu- facture of Furniture .. ..	1	8.50	4	65.50	—	—	3	57.00	35.00	50.00	49.35
7. Manufacture of Furni- ture & Fixtures .. ..	—	—	1	4.88	—	—	—	—	—	—	—
8. Manufacture of Paper & Paper Products .. ..	12	149.26	32	429.21	3	75.00	17	272.05	44.00	204.68	183.89
9. Printing, Publishing & Allied Industries .. ..	2	17.60	8	60.75	1	5.40	3	16.90	—	9.13	7.13
10. Manufacture of Rubber Products .. ..	1	6.50	6	80.00	1	5.20	6	78.70	15.20	76.20	60.71
11. Manufacture of Chemi- cals & Chemical Products :											
(a) Basic industrial chemicals includ- ing fertilisers .. ..	8	151.30	44	724.30	7	68.60	40	557.10	94.48	486.14	359.09
(b) Vegetable and animal oils and fats (except edible oils) .. ..	1	8.00	6	34.00	1	4.00	3	12.00	7.65	7.65	7.65
(c) Manufacture of artificial fibres .. ..	6	269.20	12	433.20	4	213.80	10	377.80	112.46	275.80	236.70
(d) Manufacture of paints, varnishes & lacquers .. ..	2	53.00	2	53.00	2	44.00	2	44.00	36.00	36.00	36.00



## ANNEXURE II (Contd.)

											(Rupees in lakhs)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
(e) Manufacture of miscellaneous chemical products .. ..	12	194.52	32	484.08	6	217.00	24	428.76	166.14	268.87	253.04	
12. Manufacture of Products of Petroleum & Coal .. ..	--	--	4	80.00	--	--	4	80.00	30.00	77.86	64.48	
13. Manufacture of Non-Metallic Mineral Products except Products of Petroleum & Coal :												
(a) Manufacture of structural clay products .. ..	1	16.00	3	27.60	--	--	2	9.00	--	9.00	8.75	
(b) Manufacture of glass & glass products .. ..	5	180.84	13	262.32	3	107.64	9	160.12	45.23	87.43	86.16	
(c) Manufacture of pottery, china & earthenware (ceramics) ..	2	19.30	7	80.22	2	16.40	6	83.32	2.40	69.21	44.80	
(d) Cement .. ..	--	--	4	140.00	--	--	4	140.00	20.00	70.00	30.00	
(e) Grinding wheels and abrasives .. ..	--	--	3	26.80	--	--	3	30.40	2.80	24.05	23.46	
(f) Mica factories .. ..	--	--	1	3.00	--	--	--	--	--	--	--	
14. Basic Metal Industries :												
(a) Iron & steel basic industries .. ..	12	161.19	37	513.57	4	84.64	22	331.38	104.26	298.53	206.91	
(b) Non-ferrous metal basic industries .. ..	5	69.80	14	179.40	--	--	7	108.00	43.11	96.11	87.68	
15. Manufacture of Metal Products except Machinery & Transport Equipment ..	9	67.45	30	235.10	4	25.90	21	184.55	38.67	152.79	131.23	
16. Manufacture of Machinery except Electrical Machinery .. ..	24	230.85	73	1,008.98	14	182.80	54	790.31	89.11	536.12	419.18	
17. Manufacture of Electrical Machinery, Apparatus, Appliances and Supplies .. ..	21	464.00	57	1,005.37	12	221.10	45	684.97	58.00	374.79	287.38	
18. Manufacture of Transport Equipment .. ..	5	82.95	28	486.25	6	73.25	19	317.50	79.53	253.84	239.19	
19. Miscellaneous Manufacturing Industries :												
(a) Manufacture of professional scientific measuring and controlling instruments ..	1	5.00	3	21.88	--	--	2	16.88	2.93	16.88	16.58	
(b) Manufacture of photographic and optical goods .. ..	--	--	1	50.00	--	--	1	50.00	--	50.00	42.50	
(c) Manufacture of watches & clocks .. ..	1	6.00	4	24.50	1	6.00	3	18.50	6.00	18.50	13.50	
(d) Plastic moulded goods .. ..	--	--	3	45.00	--	--	3	45.00	--	44.00	35.86	
(e) Surgical dressings etc. .. ..	--	--	1	7.50	--	--	1	7.50	--	7.50	7.50	
(f) Reconditioning of old drums .. ..	--	--	1	5.25	--	--	1	5.25	--	5.25	5.25	
(g) Stationary articles .. ..	--	--	2	21.50	--	--	2	21.50	--	21.50	15.50	
(h) Cigarette filters .. ..	1	2.00	2	6.00	--	--	1	4.00	4.00	4.00	4.00	
20. Electricity, Gas, Water and Sanitary Services :												
(a) Electric light and power (generation, transmission and distribution of electric energy) .. ..	--	--	3	6.50	--	--	2	4.00	--	3.00	2.38	
(b) Gas manufacture and distribution (industrial gases) ..	--	--	7	32.40	--	--	4	18.20	10.25	16.47	16.20	
21. Services :												
(a) Hotel industry .. ..	2	18.00	9	58.50	--	--	5	29.40	--	23.00	11.98	
(b) Road transport .. ..	--	--	1	4.00	--	--	--	--	--	--	--	
(c) Others .. ..	1	19.03	1	19.03	--	--	--	--	--	--	--	
<b>Total</b> .. ..	<b>227</b>	<b>36,78.08</b>	<b>768</b>	<b>119,04.68*</b>	<b>124</b>	<b>24,58.56</b>	<b>522</b>	<b>83,75.74**</b>	<b>21,16.68</b>	<b>60,60.33</b>	<b>50,22.42</b>	
<b>II. Export Credits</b> .. ..	<b>1</b>	<b>56.00</b>	<b>2</b>	<b>66.83@</b>	<b>1</b>	<b>54.81</b>	<b>2</b>	<b>65.64†</b>	<b>--</b>	<b>7.55</b>	<b>--</b>	
<b>Total of I+II</b> .. ..	<b>228</b>	<b>37,34.08</b>	<b>770</b>	<b>119,71.51</b>	<b>125</b>	<b>25,13.37</b>	<b>524</b>	<b>84,41.38</b>	<b>21,16.68</b>	<b>60,67.88</b>	<b>50,22.42</b>	

Note : Figures include the operations of RCI up to the end of August 1964.

\*31 applications for Rs. 372.13 lakhs have been rejected/returned and 70 applications for Rs. 1026.44 lakhs have been either withdrawn by the financial institutions or treated as closed and a sum of Rs. 241.94 lakhs was considered ineligible for refinance.

\*\*Out of the sanctioned amount, 27 applications for Rs. 561.50 lakhs have been treated as lapsed and a sum of Rs. 475.33 lakhs will not be availed of by the financial institutions.

@An amount of Rs. 1.19 lakhs was considered ineligible for refinance.

†Out of the sanctioned amount, Rs. 36.67 lakhs will not be availed of by the bank.

## ANNEXURE III

## DETAILS OF INDUSTRIAL PROJECTS TO WHICH DIRECT FINANCIAL ASSISTANCE HAS BEEN SANCTIONED BY THE INDUSTRIAL DEVELOPMENT BANK OF INDIA, JULY 1964—JUNE 1965

(In lakhs of rupees)

Sr. No.	Name of company	Capital cost of project	Means of Financing				Contribution to Project cost of Promoters and Collaborators				Financial Assistance sanctioned by IDBI				Percentage of 10 to 2	Percentage of 15 to 2	Dis-bur-sals and Out-stand-ings	
			Share capital		Loans etc.	Deferred payment	Promoters, directors, etc.		Collaborators In cash Other	Total of 7, 8 & 9	Loan	Underwriting		Gua-ran-tee				Total of 11, 12 & 13
			Ordinary	Prefe-rence								Ord-inary	Prefe-rence					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
1.	Central Pulp Mills Ltd.	654.30	181.25	81.25	391.80	—	100.00	—	100.00	—	26.75	20.75	—	47.50	15.3	7.3	—	
2.	Shama Forge Co. Ltd.	149.00	50.00	25.00	74.00	—	19.58	—	21.42	41.00	—	6.00	3.00	—	9.00	27.5	6.0	4.40
3.	International Tractor Co. Ltd.	437.50	150.00	—	252.50	35.00	98.50 (35.00)	95.00 (69.50)	—	193.50 (104.50)	—	10.00	—	—	10.00	44.2 (23.9)	2.3	7.63
4.	Ajanta Textiles Ltd.	68.18	23.75	7.50	30.51	6.42	14.51 (7.01)	—	—	14.51 (7.01)	—	3.75	1.25	—	5.00	21.3 (10.0)	7.3	—
5.	Allied International Products Ltd.	109.90	65.00	10.00	34.90	—	19.90 (4.90)	—	25.00	44.90 (4.90)	—	7.50	1.50	—	9.00	40.9 (4.5)	8.2	—
6.	Andhra Cotton Mills Ltd.	65.39	20.00	10.00	20.00	15.39	12.50	—	—	12.50	—	2.50	1.25	—	3.75	19.1	5.7	—
7.	Gujarat Machinery Manufacturers Ltd.	80.00	40.00	—	40.00	—	13.63	—	—	13.63	—	9.87	—	—	9.87	17.0	12.3	4.88
8.	Vijay Spinning Mills Ltd.	66.99	22.00	8.00	24.00	12.99	16.00 (4.00)	—	—	16.00 (4.00)	—	2.00	1.75	—	3.75	23.9 (6.0)	5.6	—
9.	Industrial Plants Ltd.	183.75	55.00	20.00	108.75	—	16.55 (1.55)	—	—	16.55 (1.55)	—	10.00	3.00	—	13.00	9.0 (0.9)	7.1	—
10.	Tiwac Industries Ltd.	41.65	21.00	—	20.65	—	8.50	2.20	—	10.70	—	5.00	—	—	5.00	25.7	12.0	0.74
11.	Associated Pulp & Paper Mills Ltd.	104.32	32.50	12.50	30.12	29.20	25.07 (8.07)	—	—	25.07 (8.07)	—	7.50	2.50	—	10.00	24.0 (7.7)	9.6	4.99
12.	Chettinad Cement Corporation Ltd.	572.90	210.00	90.00	272.90	—	85.00	—	—	85.00	35.00	30.00	20.00	—	85.00	14.8	14.8	11.80
13.	Graphite India Ltd.	365.00	100.00	25.00	240.00	—	35.00 (10.00)	15.00	10.00	60.00 (10.00)	—	15.00	5.00	—	20.00	16.4 (2.7)	5.5	9.07
14.	Herdillia Chemicals Ltd.	1009.00	440.00	—	569.00	—	41.00	180.00	—	221.00	11.25	76.00	—	125.67 (Loan guarantee)	87.25	21.9	8.6	—
15.	Madan Industries Ltd.	144.10	37.50	17.50	78.01	11.09	23.00 (8.00)	—	—	23.00 (8.00)	—	5.50	—	—	7.50	16.0 (3.5)	5.2	—
16.	Thakur Shipping Company Ltd.	375.00	80.00	33.00	262.00	—	15.00	32.00	—	47.00	—	—	13.00	—	13.00	12.5	3.5	—
17.	Tools & Electricals (India) Ltd.	95.88	40.00	10.00	16.53	29.35	20.00	—	—	20.00	—	10.00	2.50	—	12.50	20.9	13.0	—
18.	Metropolitan Instruments Ltd.	30.00	15.00	5.00	10.00	—	4.50	—	—	4.50	—	3.00	1.00	—	4.00	15.0	13.3	—
19.	Gayday Iron & Steel Co. Ltd.	154.47	60.00	15.00	60.11	19.50	43.00 (6.00)	10.00	—	53.00 (6.00)	—	9.00	—	—	9.00	34.3 (3.9)	5.8	—
20.	Swamiji Mills Ltd.	53.75	16.00	2.50	18.25	17.00	9.00	—	—	9.00	—	3.50	2.50	—	6.00	16.7	11.2	—
21.	Hada Textiles Industries Ltd.	86.42	24.00	12.00	35.00	16.80	12.00	—	—	12.00	—	3.50	3.50	—	7.00	13.9	8.1	—
22.	Trichy Distilleries & Chemicals Ltd.	53.95	15.00	5.00	33.95	—	7.50	—	—	7.50	5.00	2.50	2.50	—	10.00	13.9	18.6	—
23.	Rajasthan Spg. & Wvg. Mills Ltd.	70.00	20.00	—	35.00	15.00	6.00	—	—	6.00	—	5.00	—	—	5.00	8.6	7.1	—
24.	West India Chemicals Ltd.	70.00	30.00	15.00	25.00	—	15.00	—	—	15.00	—	8.50	7.50	—	16.00	21.4	22.9	—
25.	Pudumjee Pulp & Paper Mills Ltd.	267.50	90.00	30.00	108.50	32.58	63.50 (18.50)	—	—	63.50 (18.50)	22.50	22.50*	—	—	45.00	23.7 (6.9)	16.8	—
26.	India Meters Ltd.	93.12	37.50	15.00	40.50	—	12.00	—	—	12.00	—	5.00	2.50	—	7.50	12.9	8.1	—
27.	Micro Tools Ltd.	67.00	30.00	5.00	32.00	—	15.00	—	—	15.00	5.00	—	—	—	5.00	22.4	7.5	—
28.	Struthers Wells (India) Ltd.	265.00	120.00	30.00	115.00	—	25.00	9.50	30.50	65.00	—	13.00	10.00	—	23.00	24.5	8.7	—
29.	Shama Pistons & Rings Ltd.	91.67	32.00	16.00	43.67	—	20.00	—	2.02	22.02	7.00	—	—	—	7.00	24.0	7.6	—
30.	Indian Rayon Corporation Ltd.	338.25	—	19.96	318.29	—	10.00 (10.00)	—	—	10.00 (10.00)	133.00	—	—	162.50 (Loan guarantee)	133.00	3.0 (3.0)	39.3	—
Total		6163.99	2057.50	520.21	3340.94	240.32	806.24 (1,13.03)	343.70 (69.50)	88.94	1238.88 (1,82.53)	2,18.75	3,02.87	1,07.00	2,88.17	6,28.62	20.1 (3.0)	10.2	43.51
Gujarat State Fertilisers Co. Ltd.		3493.45	900.00	300.00	2136.00	157.45	918.00 (300.00)	—	—	918.00 (300.00)	1400.00	275.00*	—	157.45	1675.00	26.3 (8.6)	48.0	—
Grand Total		9657.44	2957.50	820.21	5476.94	397.77	1724.24 (4,13.03)	3,43.70 (69.50)	88.94	2156.88 (4,82.53)	16,18.75	5,77.87	1,07.00	4,45.62	23,03.62	22.3 (5.0)	23.9	43.51

Note : (1) Figures are based on information available at the time the assistance was sanctioned. (2) Contributions in the form of loans, deposits etc. are shown in brackets in columns 7 to 10.

\*The distribution between equity and preference shares has not yet been decided.

†Under the Development Assistance Fund.

## APPENDIX I

## LIST OF FINANCIAL INSTITUTIONS ELIGIBLE FOR REFINANCE FACILITIES AS ON JUNE 30, 1965

## BANKS

- \*1. Allahabad Bank Ltd.
- \*2. American Express Co. Inc.
- \*3. Andhra Bank Ltd.
- \*4. Bank of America National Trust and Savings' Association
- \*5. Bank of Baroda Ltd.
- \*6. Bank of India Ltd.
7. Bank of Karnatak Ltd.
- \*8. Bank of Maharashtra Ltd.
9. Bank of Rajasthan Ltd.
- \*10. Bank of Tokyo Ltd.
11. Bareilly Corporation (Bank) Ltd.
- \*12. Belgaum Bank Ltd.
- \*13. British Bank of the Middle East
- \*14. Canara Bank Ltd.
15. Canara Banking Corporation Ltd.
- \*16. Central Bank of India Ltd.
- \*17. Chartered Bank
- \*18. Comptoir National D'Escompte de Paris
- \*19. Devkaran Nanjee Banking Co. Ltd.
- \*20. Eastern Bank Ltd.
- \*21. First National City Bank
- \*22. General Bank of the Netherlands
- \*23. Hongkong & Shanghai Banking Corporation
- \*24. Indian Bank Ltd.
- \*25. Indian Overseas Bank Ltd.
26. Jaya Laxmi Bank Ltd.
27. Karur Vysya Bank Ltd.
28. Krishnaram Baldeo Bank Private Ltd.
29. Kumbakonam Bank Ltd.
30. Lakshmi Commercial Bank Ltd.
31. Lakshmi Vilas Bank Ltd.
- \*32. Mercantile Bank Ltd.
33. Miraj State Bank Ltd.
- \*34. Mitsui Bank Ltd.
- \*35. National and Grindlays Bank Ltd.
- \*36. National Bank of Pakistan
37. New Bank of India Ltd.
38. Pangal Nayak Bank Ltd.
- \*39. Punjab National Bank Ltd.
40. Sangli Bank Ltd.
41. South India Bank Ltd. (Tinnevely)
42. South Indian Bank Ltd.
- \*43. State Bank of Bikaner and Jaipur
- \*44. State Bank of Hyderabad
- \*45. State Bank of India
46. State Bank of Indore
- \*47. State Bank of Mysore
48. State Bank of Patiala
- \*49. State Bank of Saurashtra
- \*50. State Bank of Travancore
- \*51. Syndicate Bank Ltd.
52. Tamilnad Mercantile Bank Ltd.
53. Tanjore Permanent Bank Ltd.
- \*54. Union Bank of India Ltd.
- \*55. United Bank of India Ltd.
- \*56. United Commercial Bank Ltd.
57. United Western Bank Ltd.
58. Vijaya Bank Ltd.
59. Vysya Bank Ltd.

## STATE CO-OPERATIVE BANKS

1. Andhra State Co-operative Bank Ltd.
2. Madhya Pradesh State Co-operative Bank Ltd.
3. Madras State Co-operative Bank Ltd.
4. Maharashtra State Co-operative Bank Ltd.
5. Punjab State Co-operative Bank Ltd.
6. West Bengal Provincial Co-operative Bank Ltd.

## STATE FINANCIAL CORPORATIONS

1. Andhra Pradesh State Financial Corporation
2. Assam Financial Corporation
3. Bihar State Financial Corporation
4. Gujarat State Financial Corporation
5. Jammu & Kashmir State Financial Corporation
6. Kerala Financial Corporation
7. Madhya Pradesh Financial Corporation
8. Maharashtra State Financial Corporation
9. Mysore State Financial Corporation
10. Orissa State Financial Corporation
11. Punjab Financial Corporation
12. Rajasthan Financial Corporation
13. Uttar Pradesh Financial Corporation
14. West Bengal Financial Corporation
15. Madras Industrial Investment Corporation Ltd.

## OTHER INSTITUTIONS

1. Industrial Finance Corporation of India
2. Industrial Credit & Investment Corporation of India Ltd.

## APPENDIX II

## LIST OF EXPORTABLE ITEMS IN RESPECT OF WHICH REFINANCE FACILITIES MAY BE GRANTED AS ON JUNE 30, 1965

## A. Capital Goods

1. Sugar Mill Machinery (including Khandsari Machinery)
2. Textile Mill Machinery
3. Jute Mill Machinery
4. Oil Mill Machinery
5. Shoe Making Machinery
6. Tea Machinery
7. Flour Mill, Rice, Dal Machinery
8. Printing Machinery
9. Paper Making Machinery
10. Wood Working Machinery

## B. Producer Goods

1. Electric Motor beyond 50 H.P.
2. Transformers (Power & Distribution)
3. Generators
4. Switch Gears
5. Industrial Switch Board and Control Panels
6. Circuit Brakers
7. Air Brake Switches
8. Telephones
9. Telephone Switch Boards and Telegraphs
10. Gas Plants
11. Borehole Turbine Pumps
12. Diesel Engines beyond 40 H.P.
13. Bus, Bus Body Kits, Motor Vehicles and Chassis
14. Transmission Line Towers
15. Sub-station Structures & Railway Electrification Structures
16. Structural Fabrications such as Bridges, Factory Sheds and Buildings
17. Lathes
18. Diesel Engines below 40 H.P.
19. Electric Motors up to 50 H.P.
20. Centrifugal Pumps
21. Vehicular Trailers and Auto Parts
22. Tools—Hand and Machine
23. Agricultural Implements
24. Gas Cylinders
25. Railway Track Fittings
26. Steel Tanks
27. Weighing Scales
28. Oil Expellers
29. Railway Signalling Equipments
30. Tubular Poles & Accessories
31. Tipping Wagons
32. Tar Boilers

**C. Consumer Goods**

1. Sewing Machines & Parts
2. Cycles—Parts & Accessories
3. Electric Refrigerators, Air Conditioners & Water Coolers
4. Electric Fans
5. ACSR Conductors
6. X-Ray Electro-Medical Equipment & Hospital Equipment

**D. Such Other Goods** in respect of which the exemption under Rule 6 of the Foreign Exchange Regulation Rules, 1952 has been granted for an *initial* period exceeding 6 months.

**APPENDIX III**

**LIST OF CREDIT INSTITUTIONS ELIGIBLE UNDER THE SCHEME FOR THE GUARANTEE OF ADVANCES TO COAL INDUSTRY IN THE PRIVATE SECTOR AS ON JUNE 30, 1965**

**BANKS****(i) State Bank of India and its subsidiaries**

1. State Bank of India
2. State Bank of Bikaner and Jaipur
3. State Bank of Hyderabad
4. State Bank of Indore
5. State Bank of Mysore
6. State Bank of Patiala
7. State Bank of Saurashtra
8. State Bank of Travancore

**(ii) Other Banks**

1. Allahabad Bank Ltd.
2. American Express Co. Inc.
3. Andhra Bank Ltd.
4. Bank of America National Trust & Savings Association
5. Bank of Baroda Ltd.
6. Bank of India Ltd.
7. Bank of Karnatak Ltd.
8. Bank of Maharashtra Ltd.
9. Bank of Rajasthan Ltd.
10. Bank of Tokyo Ltd.
11. Bareilly Corporation (Bank) Ltd.
12. Belgaum Bank Ltd.
13. British Bank of the Middle East
14. Canara Bank Ltd.
15. Canara Banking Corporation Ltd.
16. Central Bank of India Ltd.
17. Chartered Bank
18. Comptoir National D'Escompte de Paris
19. Devkaran Nanjee Banking Co. Ltd.
20. Eastern Bank Ltd.
21. First National City Bank
22. General Bank of the Netherlands
23. Hongkong & Shanghai Banking Corporation
24. Indian Bank Ltd.
25. Indian Overseas Bank Ltd.
26. Jaya Laxmi Bank Ltd.
27. Karur Vysya Bank Ltd.
28. Krishnaram Baldeo Bank Private Ltd.
29. Kumbakonam Bank Ltd.
30. Lakshmi Commercial Bank Ltd.
31. Lakshmi Vilas Bank Ltd.
32. Mercantile Bank Ltd.
33. Miraj State Bank Ltd.
34. Mitsui Bank Ltd.
35. National & Grindlays Bank Ltd.
36. National Bank of Pakistan
37. New Bank of India Ltd.
38. Pangal Nayak Bank Ltd.
39. Punjab National Bank Ltd.
40. Sangli Bank Ltd.
41. South India Bank Ltd. (Tinnevely)
42. South Indian Bank Ltd.

43. Syndicate Bank Ltd.
44. Tanjore Permanent Bank Ltd.
45. Tamilnad Mercantile Bank Ltd.
46. Union Bank of India Ltd.
47. United Bank of India Ltd.
48. United Commercial Bank Ltd.
49. United Western Bank Ltd.
50. Vijaya Bank Ltd.
51. Vysya Bank Ltd.

**STATE FINANCIAL CORPORATIONS**

1. Andhra Pradesh State Financial Corporation
2. Assam Financial Corporation
3. Bihar State Financial Corporation
4. Gujarat State Financial Corporation
5. Jammu & Kashmir State Financial Corporation
6. Kerala Financial Corporation
7. Madhya Pradesh Financial Corporation
8. Maharashtra State Financial Corporation
9. Mysore State Financial Corporation
10. Orissa State Financial Corporation
11. Punjab Financial Corporation
12. Rajasthan Financial Corporation
13. Uttar Pradesh Financial Corporation
14. West Bengal Financial Corporation
15. Madras Industrial Investment Corporation Ltd.

**OTHER INSTITUTIONS**

1. Industrial Finance Corporation of India
2. Industrial Credit and Investment Corporation of India Ltd.

**APPENDIX IV**

**LIST OF APPROVED INSTITUTIONS FOR REDISCOUNT OF BILLS PROMISSORY NOTES ARISING OUT OF SALES OF INDIGENOUS MACHINERY ON DEFERRED PAYMENT BASIS AS ON JUNE 30, 1965.**

**BANKS**

1. Allahabad Bank Ltd.
2. American Express Co. Inc.
3. Andhra Bank Ltd.
4. Bank of America National Trust and Savings Association
5. Bank of Baroda Ltd.
6. Bank of India Ltd.
7. Bank of Karnatak Ltd.
8. Bank of Maharashtra Ltd.
9. Bank of Rajasthan Ltd.
10. Bank of Tokyo Ltd.
11. Bareilly Corporation (Bank) Ltd.
12. Belgaum Bank Ltd.
13. British Bank of the Middle East
14. Canara Bank Ltd.
15. Canara Banking Corporation Ltd.
16. Central Bank of India Ltd.
17. Chartered Bank
18. Comptoir National D'Escompte de Paris
19. Devkaran Nanjee Banking Co. Ltd.
20. Eastern Bank Ltd.
21. First National City Bank
22. General Bank of the Netherlands
23. Hongkong & Shanghai Banking Corporation
24. Indian Bank Ltd.
25. Indian Overseas Bank Ltd.
26. Jaya Laxmi Bank Ltd.
27. Karur Vysya Bank Ltd.
28. Krishnaram Baldeo Bank (Private) Ltd.
29. Kumbakonam Bank Ltd.
30. Lakshmi Commercial Bank Ltd.
31. Lakshmi Vilas Bank Ltd.
32. Mercantile Bank Ltd.
33. Miraj State Bank Ltd.
34. Mitsui Bank Ltd.
35. National and Grindlays Bank Ltd.
36. National Bank of Pakistan
37. New Bank of India Ltd.

38. Pangal Nayak Bank Ltd.
39. Punjab National Bank Ltd.
40. Sangli Bank Ltd.
41. South India Bank Ltd. (Tinnevely)
42. South Indian Bank Ltd.
43. Syndicate Bank Ltd.
44. Tamilnad Mercantile Bank Ltd.
45. Tanjore Permanent Bank Ltd.
46. Union Bank of India Ltd.
47. United Bank of India Ltd.
48. United Commercial Bank Ltd.
49. United Western Bank Ltd.
50. Vijaya Bank Ltd.

51. Vysya Bank Ltd.
52. State Bank of Bikaner and Jaipur
53. State Bank of Hyderabad
54. State Bank of India
55. State Bank of Indore
56. State Bank of Mysore
57. State Bank of Patiala
58. State Bank of Saurashtra
59. State Bank of Travancore

**OTHER FINANCIAL INSTITUTIONS**

1. Industrial Credit & Investment Corporation of India Ltd.
2. Madras Industrial Investment Corporation Ltd.

**INDUSTRIAL DEVELOPMENT BANK OF INDIA****BALANCE SHEET AS AT 30TH JUNE 1965****GENERAL FUND**

Previous Year	LIABILITIES	This Year		Previous Year	ASSETS	This Year	
Rs.		Rs.	Rs.	Rs.		Rs.	Rs.
	<b>1. CAPITAL</b>				<b>1. CASH AND BANK BALANCES</b>		
	Authorised ..		50,00,00,000		(i) Cash in hand and balances with Reserve Bank of India .. ..	11,427	
	Issued and Paid up		10,00,00,000		(ii) Balances with other banks		
	<b>2. RESERVES AND RESERVE FUND</b>				(a) On current account ..	—	
	(i) Reserve Fund*	81,41,704			(b) On deposit account ..	—	11,427
	(ii) Other Reserves	—	81,41,704				
	<b>3. GIFTS, GRANTS, DONATIONS AND BENEFRACTIONS</b>				<b>2. INVESTMENTS@</b>		
	(i) From Government .. ..		—		(i) In securities of Central and State Governments ..	11,13,66,440	
	(ii) From other sources .. ..		—		(ii) In stocks, shares, bonds and debentures of financial institutions	6,34,63,940	
	<b>4. BONDS AND DEBENTURES</b> .. ..		—		(iii) In stocks, shares, bonds and debentures of industrial concerns** ..	40,89,928	17,89,20,308
	<b>5. DEPOSITS</b> .. ..		—				
	<b>6. BORROWINGS</b>				<b>3. LOANS AND ADVANCES</b>		
	(i) From Reserve Bank of India				(i) To scheduled banks, State Co-operative banks and other financial institutions .. ..	50,22,41,586	
	(a) Secured against stocks, funds and other trustee securities	—			(ii) To industrial concerns .. ..	—	50,22,41,586
	(b) Secured against bills of exchange or promissory notes ..	—					
	(c) Out of the National Industrial Credit (Long Term Operations) Fund ..	2,17,33,940			<b>4. BILLS OF EXCHANGE AND PROMISSORY NOTES DISCOUNTED OR REDISCOUNTED</b> ..		8,90,291
	(ii) From Government of India				<b>5. PREMISES</b> (At cost less depreciation)		—
	(a) Interest-free loan	10,00,00,000			<b>6. OTHER FIXED ASSETS</b> (At cost less depreciation)		67,821
	(b) Other loans ..	44,99,00,000			<b>7. OTHER ASSETS</b> ..		1,43,03,818
	(iii) From other sources .. ..	—					
	(iv) In foreign currency .. ..	—	57,16,33,940				
	<b>7. CURRENT LIABILITIES AND PROVISIONS</b>		1,66,59,607				
	Carried forward		69,64,34,251		Carried forward		69,64,35,251

## INDUSTRIAL DEVELOPMENT BANK OF INDIA

BALANCE SHEET AS AT 30th JUNE 1965

GENERAL FUND

Previous Year	LIABILITIES	This Year	Previous Year	ASSETS	This Year
Rs.		Rs.	Rs.		Rs.
	Brought forward		69,64,35,251	Brought forward	69,64,35,251
	8. PROFIT AND LOSS ACCOUNT			8. PROFIT AND LOSS ACCOUNT	
	Balance of Profit transferred from the account annexed ..	92,31,698		Balance from last balance sheet ..	—
	Less: Transferred to Reserve Fund	75,00,000			
	Less: Balance transferred to Reserve Bank of India in terms of Section 22(2) of the Industrial Development Bank of India, Act, 1964 ..	17,31,698		Profit/Loss transferred from the account annexed ..	—
	CONTINGENT LIABILITIES				
	(i) Claims against the Bank not acknowledged as debts ..	Rs. ....			
	(ii) On account of guarantees issued ..	....			
	(iii) On account of underwriting commitments*** ..	5,71,00,000			
	(iv) On account of uncalled moneys on partly-paid shares, debentures etc. ..	60,96,278			
	(v) Moneys for which the Bank is contingently liable ..	—			
		6,31,96,278			
		69,64,35,251			69,64,35,251

\*Including Rs. 6,41,704 transferred from Refinance Corporation for Industry Ltd.

\*\*Acquired in discharge of underwriting obligations.

\*\*\*Including Rs. 60,50,000 in respect of commitment determined before 30th June 1965.

@ Market value

(a) Quoted Investments .. .. .	Rs. 11,05,35,281
(b) Unquoted Investments (at book value)	Rs. 6,75,53,868
	Rs. 17,80,89,149

BY ORDER OF THE BOARD

P. C. BHATTACHARYYA, *Chairman.*  
R. G. SARAIYA, *Director.*  
P. L. TANDON, *Director.*

K. C. MITTRA,  
*General Manager.*

As per our report attached.  
S. B. BILLIMORIA & CO.  
*Chartered Accountants.*

Bombay, 28th August, 1965.

Bombay, 20th August, 1965.

## INDUSTRIAL DEVELOPMENT BANK OF INDIA

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUN

GENERAL FUND

Previous Year	EXPENDITURE	This Year	Previous Year	INCOME (Less provision made during the year for bad and doubtful debts, and other necessary and expedient provisions)	This Year
Rs.		Rs.	Rs.		Rs.
	1. Interest paid on Deposits, Borrowings etc. .. .. .	1,48,05,519		1. Interest and Discount .. .. .	1,93,98,061
	2. Establishment expenses .. .. .	10,68,591		2. Income from Investments .. .. .	58,56,937
	3. Directors' and Executive Committee Members' fees and expenses .. .. .	20,857		3. Commission, Brokerage etc. .. .. .	1,06,333
	4. Auditors' fees .. .. .	4,000		4. Net Profit on Sale of Investments (not credited to reserves or any particular fund or account) .. .. .	—
	5. Rent, Taxes, Insurance, Lighting etc. .. .. .	1,54,659		5. Other Income .. .. .	22,055
	6. Law Charges .. .. .	22,925		6. Balance of Loss carried to Balance Sheet	—
	7. Postage, Telegrams and Stamps .. .. .	3,538			
	8. Stationery, Printing, Advertisement etc. .. .. .	19,939			
	9. Depreciation .. .. .	314		C/o .. .. .	2,53,83,386



**INDUSTRIAL DEVELOPMENT BANK OF INDIA**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 1965**

Previous Year	EXPENDITURE	Previous Year	This Year	INCOME (Less provision made during the year for bad and doubtful debts, and other necessary and expedient provisions)	This Year
Rs.		Rs.	Rs.	B/F	Rs.
	10. Net Loss on Sale of Investments (not debited to reserves or any particular fund or account) .. .. .	—	—		2,53,83,386
	11. Other Expenditure .. .. .	51,346			
	12. Balance of Profit carried to Balance Sheet .. .. .	92,31,698			
		2,53,83,386			2,53,83,386

As per our report attached.  
**S. B. BILLIMORIA & CO.**  
*Chartered Accountants.*

**K. C. MITTRA,**  
*General Manager.*  
 Bombay, 20th August, 1965.

Bombay, 28th August, 1965.

BY ORDER OF THE BOARD  
**P. C. BHATTACHARYYA, Chairman.**  
**R. G. SARAIYA, Director.**  
**P. L. TANDON, Director.**

**REPORT OF THE AUDITORS**

We have audited the attached Balance Sheet of the Industrial Development Bank of India as at 30th June, 1965, and also the Profit and Loss Account of the Bank for the year ended on that date and report as follows :

- (1) We have obtained all the information and explanations which we have required for the purposes of our audit and the same have been satisfactory;
- (2) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet is a full and fair Balance Sheet and is properly drawn up containing all the necessary particulars so as to exhibit a true and fair view of the state of affairs of the Bank as at 30th June 1965 and is also properly drawn up in accordance with the requirements of Regulation 14 of the Industrial Development Bank of India Regulations, 1964.

**S. B. BILLIMORIA & CO.**  
*Chartered Accountants.*

Bombay, 28th August, 1965.

**INDUSTRIAL DEVELOPMENT BANK OF INDIA**  
**BALANCE SHEET AS AT 30th JUNE 1965**

**DEVELOPMENT ASSISTANCE FUND**

Previous Year	LIABILITIES	This Year	Previous Year	ASSETS	This Year
Rs.		Rs.	Rs.		Rs.
	1. LOANS			1. CASH AND BANK BALANCES	
	(i) From Government .. .. .	1,00,000		(i) Cash in hand and balances with Reserve Bank of India	859
	(ii) From other sources .. .. .	—	1,00,000	(ii) Balances with other banks	
	2. GIFTS, GRANTS, DONATIONS AND BENEFRACTIONS			(a) On current account	—
	(i) From Government .. .. .	—	—	(b) On deposit account	—
	(ii) Other sources .. .. .	—	—		859
	3. OTHER LIABILITIES AND PROVISIONS .. .. .		1,315	2. INVESTMENTS	
	4. PROFIT AND LOSS ACCOUNT			(i) In securities of Central and State Governments .. .. .	99,141
	Balance from last balance sheet .. .. .	—	—	(ii) In stocks, shares, bonds and debentures of industrial concerns .. .. .	—
	Profit/Loss transferred from the account annexed .. .. .	—	—		99,141
	CONTINGENT LIABILITIES			3. LOANS AND ADVANCES	—
	(i) Claims against the Bank not acknowledged as debts .. .. .	—	—	4. OTHER ASSETS .. .. .	802
	(ii) On account of guarantees issued .. .. .	—	—	5. PROFIT AND LOSS ACCOUNT	
	(iii) On account of underwriting commitments .. .. .	—	—	Balance from last balance sheet .. .. .	—
	(iv) On account of uncalled moneys on partly paid shares, debentures etc. .. .. .	—	—	Loss transferred from the account annexed .. .. .	513
	(v) Moneys for which the Bank is contingently liable .. .. .	—	—		513
		—	1,01,315		1,01,315

As per our report attached.  
**S. B. BILLIMORIA & CO.**  
*Chartered Accountants.*

**K. C. MITTRA,**  
*General Manager.*  
 Bombay, 20th August, 1965.

Bombay, 28th August, 1965.

BY ORDER OF THE BOARD  
**P. C. BHATTACHARYYA, Chairman.**  
**R. G. SARAIYA, Director.**  
**P. L. TANDON, Director.**

**INDUSTRIAL DEVELOPMENT BANK OF INDIA**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1965**

**DEVELOPMENT ASSISTANCE FUND**

Previous Year	EXPENDITURE	This Year	Previous Year	INCOME (Less provision made during the year for bad and doubtful debts and other neces- sary and expedient provisions)	This Year
Rs.		Rs.	Rs.		Rs.
	1. Interest paid on Borrowings ..	1,315		1. Interest .. .. .	—
	2. Establishment Expenses .. ..	—		2. Income from Investments .. ..	802
	3. Auditors' Fees .. .. .	—		3. Commission, Brokerage etc. .. .	—
	4. Rent, Taxes, Insurance, Lighting etc.	—		4. Net Profit on Sale of Investments (not credited to reserves or any parti- cular fund or account) .. .. .	—
	5. Law Charges .. .. .	—		5. Other Income .. .. .	—
	6. Postage, Telegrams and Stamps ..	—		6. Balance of Loss carried to Balance Sheet	513
	7. Stationery, Printing, Advertisement etc. .. .. .	—			
	8. Net Loss on Sale of Investments (not debited to reserves or any particular fund or account) .. .. .	—			
	9. Other Expenditure .. .. .	—			
	10. Balance of Profit carried to Balance Sheet .. .. .	—			
		1,315			1,315

BY ORDER OF THE BOARD

P. C. BHATTACHARYYA, *Chairman.*  
R. G. SARAIYA, *Director.*  
P. L. TANDON, *Director.*

As per our report attached.  
**S. B. BILLIMORIA & CO.**  
*Chartered Accountants.*

**K. C. MITTRA,**  
*General Manager.*

Bombay, 28th August, 1965.

Bombay, 20th August, 1965.

**REPORT OF THE AUDITORS**

We have audited the attached Balance Sheet of the Development Assistance Fund of the Industrial Development Bank of India as at 30th June, 1965, and also the Profit and Loss Account of the Fund for the year ended on that date and report as follows:

- (1) We have obtained all the information and explanations which we have required for the purposes of our audit and the same have been satisfactory;
- (2) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet is a full and fair Balance Sheet and is properly drawn up containing all the necessary particulars so as to exhibit a true and fair view of the state of affairs of the Fund as at 30th June, 1965, and is also properly drawn up in accordance with the requirements of Regulation 14 of the Industrial Development Bank of India Regulations, 1964.

Bombay, 28th August, 1965.

**S. B. BILLIMORIA & CO.**  
*Chartered Accountants.*